

TORONTO STOCK EXCHANGE RULE BOOK

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PART 1 - INTERPRETATION

Rule 1-101 Definitions (Amended)

- (1) In all Exchange Requirements, unless the subject matter or context otherwise requires:
- (a) defined or interpreted in section 1 of the *Securities Act* has the meaning ascribed to it in that section;
 - (b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection;
 - (c) defined in subsection 1.1(3) of National Instrument 14-101 Definitions has the meaning ascribed to it in that subsection;
 - (d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that subsection; and
 - (e) defined or interpreted in UMIR has the meaning ascribed to it in that document.

Amended (April 1, 2002)

- (2) In all Exchange Requirements, unless the subject matter or context otherwise requires:

“Alternative Trade eXecution (ATX)”

Repealed (July 24, 2009)

“Approved Person” means, in respect of a particular Participating Organization:

- (a) a Related Company;
- (b) an employee of the Participating Organization or Related Company to that extent that such employee has Exchange Approval or the approval of a recognized self-regulatory organization;
- (c) partners, directors and officers of the Participating Organization or Related Company;
- (d) a person holding a significant equity interest in the Participating Organization or Related Company; and
- (e) such other person as may be designated from time to time by the Exchange.

“Approved Trader” means an individual who has Exchange Approval to enter orders into the trading system.

“ask price” or **“offer price”** means the lowest price of a committed order to sell at least one board lot of a particular security.

Amended (February 24, 2012)

“attributed order” means an order which is displayed in the Book with the Participating Organization's trading number.

“ATX Subscriber”

Repealed (July 24, 2009)

“Basis Trade” means a transaction whereby a basket of securities or an index participation unit is transacted at a price calculated in the prescribed manner which represents the average accumulation (or distribution) price of the position, subject to an agreed upon basis spread, achieved through the execution of related exchange-traded derivative instruments, which may include listed index futures, index options and index participation units in an amount that will correspond to an equivalent market exposure.

Added (May 30, 2003)

“better-priced limit order” means a limit order entered prior to the opening of trading of a security to buy at a price that is higher than the opening price, or to sell at a price that is lower than the opening price.

Amended (February 24, 2012)

“bid price” means the highest price of a committed order to buy at least one board lot of a particular security.

Amended (February 24, 2012)

“Board” means the Board of Directors of the Exchange and includes any committee of the Board of Directors to which powers have been delegated in accordance with the by-laws or the Rules.

“board lot” means:

- (a) 1,000 units of a security trading at less than \$0.10 per unit;
- (b) 500 units of a security trading at \$0.10 or more per unit and less than \$1.00 per unit;
- (c) 100 units of a security trading at more than \$1.00 per unit; and
- (d) such other number of units of a security as may be specified by the Exchange from time to time in respect of a particular security or class of securities.

Amended (February 24, 2012)

“Book” means the electronic file of committed orders for securities but does not include the MOC Book.

Amended (February 24, 2012)

“Business Day” means any day from Monday to Friday inclusive, excluding Statutory Holidays.

“by-laws” means any by-law of the Exchange as amended and supplemented from time to time.

“Bypass Order” is as defined in UMIR.

Added (January 19, 2009)

“Calculated closing price” means the closing price for MOC Securities calculated in the manner determined by the Board.

Added (March 29, 2004)

“calculated opening price” or **“COP”** is the price of opening trades in a security calculated in the manner prescribed by the Board.

Amended (February 24, 2012)

“Canadian Best Bid”

Repealed (September 21, 2015)

“Canadian Best Bid Offer” or **“CBBO”** means (i) the highest price of orders on any protected marketplace as displayed in a consolidated market display to buy a particular security, and (ii) the lowest price of orders on any protected marketplace as displayed in a consolidated market display to sell a particular security, in each case where the order is at least one board lot, but does not include the price of any basis order, call market order, closing price order, market-on-close order, opening order, special terms order or volume-weighted average price order.

Amended (September 21, 2015)

“Canadian Best Offer” or **“Canadian Best Ask”**

Repealed (September 21, 2015)

“Central Intent Book (or CIB)”

Repealed (July 24, 2009)

“Clearing Corporation” means The Canadian Depository for Securities Limited or such other person as recognized by the Ontario Commission as a clearing agency for the purposes of the *Securities Act* and which has been designated by the Exchange as an acceptable clearing agency.

“client order”

Repealed (April 1, 2002)

“Closing Call” means the execution of orders on the combination of the Book and the MOC Book to derive the calculated closing price.

Added (March 29, 2004)

“closing time” means the time fixed by the Board for the end of a Session.

Added (September 12, 2008)

“committed order” means an offer to buy or sell a specific number of shares or units of a security at a specific price that is entered in the Book and that is open for acceptance by any other Participating Organization.

Amended (February 24, 2012)

“Commodity Futures Act” means the *Commodity Futures Act*, R.S.O. 1990, c. C.20, as amended from time to time.

“Company Manual” means the Toronto Stock Exchange Company Manual as adopted by the Board as amended, supplemented and in effect from time to time.

“cross” means a trade where the same Participating Organization acts on the buy and sell sides of the transaction, but does not include a trade in which the Participating Organization is acting as jitney.

“Decision” means any decision of the Exchange, including any committee of the Exchange, in the administration or application of these Rules or any Policy.

“derivative” means an option or a future.

“Designated Trade” is as defined in UMIR.

Added (January 19, 2009)

“destabilizing trade” means a purchase made at a price above the last preceding different-priced trade or a sale made at a price below the last preceding different-priced trade.

“Discretionary Order” means a limit order with both a disclosed portion and an undisclosed portion where the undisclosed portion has a price that is not displayed and is more aggressive than the price on the order's disclosed portion. The undisclosed portion of a Discretionary Order will execute only against an Inside Spread Order. The disclosed portion of a Discretionary Order is eligible to execute against an Inside Spread Order as well as all other orders.

Added (March 1, 2011)

“DMR” means the Dealer Member Rules as adopted by IIROC or a predecessor or successor organization and approved by the applicable securities regulatory authorities and in effect from time to time.

Added (November 27, 2017)

“**equivalent volume**” with respect to a security that is sold means the amount of that security that must be sold to exactly offset (to the nearest board lot) the purchase of an amount of a related security and with respect to a security that is purchased means the amount of that security that must be purchased in order to exactly offset (to the nearest board lot) the sale of an amount of a related security.

Added (August 26, 2003)

“**Exchange**” means the Toronto Stock Exchange.

“**Exchange Approval**” means any approval given by the Exchange under Exchange Requirements.

“**Exchange Contract**” means any contract:

- (a) to buy or sell any security, if such contract is made through the facilities of the Exchange; or
- (b) for delivery of and payment for any security that was posted for trading on the Exchange when the contract was made, arising from settlement through the Clearing Corporation.

Amended (February 24, 2012)

“**Exchange Requirements**” means collectively:

- (a) these Rules;
- (b) the Policies;
- (c) any, Decision, and
- (d) the Company Manual, as amended, supplemented and in effect from time to time.

“**exempt related security cross**” means an intentional cross entered by a Participating Organization in order to fill a client's order to buy or sell, as the case may be, a particular security where the Participating Organization has also entered a second intentional cross to fill that same client's order to buy or sell, as the case may be, an equivalent volume of a related security in respect of the particular security, provided that the execution of the order for the particular security and the execution of the order for the related security are each contingent on the execution of the order to buy or sell, as the case may be, an equivalent volume of the other.

Added (August 26, 2003)

“**future**” means a commodity futures contract or a commodity futures option for the purposes of the *Commodity Futures Act*.

“**holding company**” means a corporation that holds, directly or indirectly and alone or in combination with any other person, securities of a Participating Organization:

- (a) carrying 50 per cent or more of the votes carried by all voting securities;
- (b) carrying the right to receive 50 per cent or more of any distribution of earnings; and
- (c) accounting for 50 per cent or more of the total capital or equity.

“**IIROC**” means the Investment Industry Regulatory Organization of Canada.

Added (September 12, 2008)

“**Index**” means an index comprised of listed securities which is recognized for the purposes of this definition by the Exchange.

“**Index Participation Unit**” or “**IPU**” means a unit of beneficial interest in a trust, the underlying assets of which are securities underlying an Index.

“**Indicative calculated closing price**”

Repealed (April 19, 2010)

“Inside Spread Order” means an Undisclosed Order that is constrained to execute inside the Canadian Best Bid Offer. An Inside Spread Order will execute only against a Discretionary Order.

Added (March 1, 2011)

“Intent”

Repealed (July 24, 2009)

“Intentional Cross” means a trade resulting from the entry by a Participating Organization of both the order to purchase and the order to sell a security, but does not include a trade in which the Participating Organization has entered one of the orders as a jitney order.

“Internal Cross” means an intentional cross between two client accounts of a Participating Organization which are managed by a single firm acting as portfolio manager with discretionary authority to manage the investment portfolio granted by each of the clients and includes a trade where the Participating Organization is acting as a portfolio manager in authorizing the trade between the two client accounts.

“jitney” is a Participating Organization that is acting for another Participating Organization in a trade on the Exchange.

“Last Sale Price” means:

- (a) in respect of a MOC Security, the calculated closing price; and
- (b) in respect of any other security, the last board lot sale price of the security on the Exchange in the Regular Session.

Amended (February 24, 2012)

“limit order” means an order to buy a security to be executed at a specified maximum price, and an order to sell a security to be executed at a specified minimum price.

“listed company” or **“listed issuer”** means an issuer which has one or more classes of its securities listed for trading by the Exchange.

Amended (February 24, 2012)

“listed security” means a security listed by the Exchange and posted for trading on the Exchange.

Amended (February 24, 2012)

“Long Life Eligible” means a security which has been designated by the Exchange as eligible for long life priority and allocation benefits under these Rules.

Added (November 16, 2015)

“Long Life order” means a board lot or board lot portion of a mixed lot market or limit order that is: (a) entered for a security that has been identified by the Exchange as being Long Life Eligible; (b) identified by the participant as a Long Life order upon entry in the manner specified by the Exchange; and (c) is subject to Long Life Restrictions.

Added (November 16, 2015)

“Long Life Restrictions” means Exchange prescribed restrictions, applicable to a Session as specified by the Exchange, which prevent the amendment or cancellation of an order for a period of time specified by the Exchange.

Added (November 16, 2015)

“Market Maker” means a Market Maker Firm or an Approved Trader that has Exchange Approval to act as a market maker.

Added (July 23, 2004)

“**Market Maker Agreement**” means an agreement entered into by a Market Maker and the Exchange which sets out the Market Maker’s obligations and the terms and conditions of the Exchange’s approval.

Added (November 27, 2017)

“**Market Maker Firm**” means a Participating Organization that has Exchange Approval to act as a market maker.

Added (July 23, 2004)

“**market order**” means an order for immediate execution at the best available price.

“**Market Surveillance Official**” means:

- (a) a Market Integrity Official where the administration of any Rule or Policy is undertaken by IIROC on behalf of the Exchange; and
- (b) an employee of the Exchange designated by the Exchange to perform such functions and exercise such power.

Amended (September 12, 2008)

“**marketplace**” has the meaning ascribed to it in National Instrument 21-101 – Marketplace Operation.

Added (March 10, 2006)

“**Marketplace Match**” means matched orders that are received from a marketplace where the matched orders flow through the facilities of the Exchange but do not interact with: (i) orders entered on the Exchange by Participating Organizations; (ii) other Marketplace Matches; and (iii) Marketplace Messages.

Added (March 10, 2006)

“**Marketplace Message**” means an order received from a marketplace where the order flows through the facilities of the Exchange but does not interact with: (i) orders entered on the Exchange by Participating Organizations; (ii) other Marketplace Messages; and (iii) Marketplace Matches.

Added (March 10, 2006)

“**Minimum Guaranteed Fill**” or “**MGF**” means the designated number of shares or other unit of a listed security for which a fill is guaranteed in accordance with Exchange Requirements.

“**MGF-Eligible Order Size**” means the maximum order size of a buy (sell) order that is eligible for the MGF facility. This order size will be specified by the Exchange and will be no greater than the sum of the ask (bid) size displayed across protected marketplaces at the CBBO and the MGF size for that security.

Added (November 27, 2017)

“**MGF-Eligible Trader ID**” means an Approved Trader identifier certified by a Participating Organization and accepted by the Exchange that is:

- (a) used to enter orders on behalf of Retail Customers only; or
- (b) generally intended to be used to enter orders that are not MGF Ineligible Orders.

Added (November 27, 2017)

“**MGF Ineligible Order**” has the meaning ascribed to it in Policy 4-802(1)(a)(iii).

Added (November 27, 2017)

“**Minimum Quantity**”

Repealed (October 23, 2017)

“Minimum Quote Spread”

Repealed (July 24, 2009)

“Minimum Quote Volume”

Repealed (July 24, 2009)

“MOC Book” means the electronic file that holds MOC Orders.

Amended (September 12, 2008)

“MOC Imbalance” means the difference between the aggregate eligible buy MOC Market Order and MOC Limit Order volume and aggregate eligible sell MOC Market Order and MOC Limit Order volume calculated in the manner determined by the Exchange.

Amended (January 12, 2015)

“MOC Limit Order” means an order for the purchase or sale of a MOC Security entered in the MOC Book on a Trading Day for the purpose of executing at the Last Sale Price of the security on that Trading Day, provided that the Last Sale Price does not exceed a specified maximum price or fall below a specified minimum price, but does not include a Special Trading Session Order.

Amended (August 26, 2005)

“MOC Market Order” means an order for the purchase or sale of a MOC Security entered in the MOC Book on a Trading Day for the purpose of executing at the Last Sale Price of the security on that Trading Day, but does not include a Special Trading Session Order.

Added (March 29, 2004)

“MOC Order” includes a MOC Market Order and a MOC Limit Order.

Added (March 29, 2004)

“MOC Securities” means securities in respect of which MOC Orders may be entered as designated by the Exchange from time to time.

Added (March 29, 2004)

“Must-Be-Filled Order” or **“MBF Order”** means a program trade that offsets a pre-existing expiring derivatives position that is traded in accordance with Exchange Requirements governing such trades.

“neutral trade” means a transaction which, except for the fact that the trader was unwinding a previously taken position, would have been a destabilizing trade.

“non-Canadian account”

Repealed (April 1, 2002)

“non-client order”

Repealed (April 1, 2002)

“notice” means a communication or document to be given, sent, delivered or served by the Exchange pursuant to Exchange Requirements to any person subject to these Rules.

“open market” means a market among orders at the bid price or the ask price where no order has established time priority, or where an order that has established time priority has been filled to the extent of its priority or has lost priority pursuant to Exchange Requirements.

“opening time” means the time fixed by the Board for the opening of Sessions of trading in listed securities.

“**option**” means a security recognized as an option for the purposes of the *Securities Act*.

“**Order Execution Account**” means the account of a client of a Participating Organization in respect of which the Participating Organization is exempted, in whole or in part, from making a determination on the suitability of trades for the client in accordance with the requirements of a securities regulatory authority or a recognized self-regulatory organization.

“**Participating Organization**” means any person granted access to the trading system in accordance with Part 2 provided such access has not been terminated or suspended.

“**person**” includes a company.

“**Policy**” means any policy statement, direction or decision adopted by the Board or any committee of the Board in connection with the administration or application of the Rules as such policy statement is amended, supplemented and in effect from time to time.

“**principal account**”

Repealed (April 1, 2002)

“**Priority Allocation Group (PAG)**”

Repealed (July 24, 2009)

“**program trade**” means one of a series of market orders in securities, including Index Participation Units, underlying an Index that is being undertaken in conjunction with a trade in derivatives the underlying interest of which is the Index that is traded in accordance with Exchange Requirements governing such trades.

Amended (February 24, 2012)

“**Proprietary Electronic Trading System**” or “**PETS**” means an electronic trading system operated or sponsored by a Participating Organization which matches buy and sell orders in securities, but does not include a system which solely matches orders of one Participating Organization and the clients of that Participating Organization.

Amended (February 24, 2012)

“**protected marketplace**” is as defined in UMIR.

Added (September 21, 2015)

“**recognized self-regulatory organization**” means a participating institution in the Canadian Investor Protection Fund that regulates the business conduct and affairs of its members.

“**registered representative**” means a person who has been approved as such by the appropriate recognized self-regulatory organization and includes a registered representative (restricted).

“**registered representative (restricted)**” means a person who has been approved as such by the appropriate recognized self-regulatory organization.

“**Regular Session**” means a Session other than a Special Trading Session.

Amended (March 10, 2006)

“**Related Company**” means, in respect of a Participating Organization, a person:

- (a) in which the Participating Organization or any partner, director, officer, employee or shareholder of the Participating Organization, individually or collectively, hold, directly or indirectly, at least a 20 per cent ownership interest; and
- (b) which carries on business in Canada a substantial part of which is that of a broker, dealer or adviser in securities.

“**related security**” means in respect of a particular security:

- (a) a security which is convertible or exchangeable into the particular security;
- (b) a security into which the particular security is convertible or exchangeable;
- (c) a derivative instrument for which the particular security is the underlying interest;
- (d) a derivative instrument for which the market price varies materially with the market price of the particular security; and
- (e) if the particular security is a derivative instrument:
 - (i) a security which is the underlying interest of the derivative instrument; or
 - (ii) a security which is a significant component of an index (representing at least 80 per cent of the component share weighting of the index) which is the underlying interest of the derivative instrument.

Added (August 26, 2003)

“**related security spread**” means the difference between the bid price for one security and the ask price for the related security.

Added (August 26, 2003)

“**Responsible Designated Trader**” means an Approved Trader designated by a Market Maker Firm in accordance with Rule 4-601(4).

Amended (November 27, 2017)

“**Retail Customer**” is as defined in the DMR.

Added (November 27, 2017)

“**Rules**” means these rules as adopted by the Board as amended, supplemented and in effect from time to time.

“**Securities Act**” means the *Securities Act*, R.S.O. 1990, c. S.5 as amended from time to time.

“**security**” when used to describe a security that trades on the Exchange means:

- (a) a listed security (as such term is defined herein); and
- (b) a security that is posted for trading on the Exchange, but not listed by the Exchange.

Added (February 24, 2012)

“**Session**” means the time period during which the Exchange is open for trading.

“**settlement day**” means any Trading Day on which settlements in securities may occur through the facilities of the Clearing Corporation.

Amended (February 24, 2012)

“**short sale**”

Repealed (April 1, 2002)

“**significant equity interest**” means the holding, directly or indirectly and alone or in combination with any other person, of securities:

- (a) carrying 20 per cent or more of the votes carried by all voting securities;
- (b) carrying the right to receive 20 per cent or more of any distribution of earnings; and
- (c) accounting for 20 per cent or more of the total capital or equity of the issuing person.

“**Special Trading Session**” means a Session during which trading in a security is limited to the execution of transactions at a single price.

Amended (February 24, 2012)

“**Special Trading Session order**” means an order to buy or sell a security in the Special Trading Session.

Added (August 26, 2003)

“**special warrant**” means a security that is issued in reliance upon an exemption from prospectus requirements and that carries the right to purchase, convert or exchange the security, without payment of any material additional consideration, into another security and in respect of which the issuer has agreed to file a prospectus for the distribution of the security to be issued upon the exercise of the right.

“**Specialty Price Cross**” means a Basis Trade or Volume-Weighted Average Price Trade, or such other trade that is designated by the Exchange from time to time, resulting from the entry by a Participating Organization of both the order to purchase and the order to sell a security.

Added (May 30, 2003)

“**stabilizing trade**” means a purchase made at a price below the last preceding different-priced trade or a sale made at a price above the last preceding different-priced trade.

“**Statutory Holiday**” means such day or days as may be designated by the Board or established by law applicable in Ontario.

“**tick**” means a price at which an order may be entered in the Book.

“**Toronto**” means the City of Toronto as the same may be constituted from time to time, and in the event that the City of Toronto shall at any time cease to exist, shall mean the municipality in which the registered office of the Exchange is located.

“**trade**” means a contract for the purchase and sale of a security.

“**tradeable order**” means a market order, a buy order with a limit price that is at or above the ask price at the time the order is entered on the Exchange, and a sell order with a limit price that is at or below the bid price at the time the order is entered on Exchange.

“**trades on a when issued basis**”

Repealed (April 1, 2002)

“**Trading Day**” means a day upon which a Session is held.

“**trading system**” includes all facilities and services provided by the Exchange to facilitate trading, including, but not limited to: electronic systems for trading securities; data entry services; any other computer-based trading systems and programs; communications facilities between a system operated or maintained by the Exchange and a trading or order routing system operation or maintained by a Participating Organization, another market or other person approved by the Exchange; and price quotations and other market information provided by or through the Exchange.

Amended (February 24, 2012)

“**UMIR**” means the Universal Market Integrity Rules as adopted by IIROC or a predecessor or successor organization and approved by the applicable securities regulatory authorities and in effect from time to time.

Amended (September 12, 2008)

“**unattributed order**” means an order which is displayed in the Book without the Participating Organization's trading number.

“**Undisclosed Order**” means an order that is not displayed on the Exchange.

Added (March 1, 2011)

“**Volume-Weighted Average Price Trade**” means a transaction for the purpose of executing trades at a volume-weighted average price calculated in the prescribed manner of the security traded for a continuous period on or during a trading day on the Exchange.

Added (May 30, 2003)

Rule 1-102 Exercise of Exchange Powers

- (1) Unless the subject matter or context requires otherwise, wherever the Exchange is specified as having any powers, rights, discretion or is entitled to take any action, then the same may be exercised or taken at any time and from time to time on behalf of the Exchange by the Board, the appropriate officers of the Exchange or any committee or person designated by the Board or the President.
- (2) Unless the subject matter or context requires otherwise, any exercise of any power, right or discretion or the taking of any action on behalf of the Exchange by any person or committee shall be subject to the overall authority of the Board.

Rule 1-103 Interpretation

- (1) The division of the Exchange Requirements into separate Parts, divisions, sections, subsections and clauses, the provision of a table of contents and index thereto, and the insertion of headings, indented notes, and footnotes are for convenience of reference only and shall not affect the construction or interpretation of the Exchange Requirements.
- (2) The use of the words “hereof”, “herein”, “hereby”, “hereunder” and similar expressions indicate the whole of the Rules and not only the particular Rule in which the expression is used.
- (3) Grammatical variations of any defined term have similar meanings; words importing the singular number shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders.
- (4) Reference to any statute shall include any enactment that may be substituted therefor as amended from time to time, and any reference herein to any section or subsection of a statute shall be deemed to be a reference to the section or subsection as at the time in question amended or supplemented or to the successor if the same has been repealed.
- (5) All times mentioned in Exchange Requirements shall be local time in Toronto on the day concerned, unless the subject matter or context otherwise requires.
- (6) For the purposes of the Rules, any matter which is to be prescribed shall be made by a Policy.
- (7) Every term defined or interpreted for the purposes of a Part of these Rules or a particular Rule shall, unless the subject matter or context otherwise requires, have the same meaning in any Policy made pursuant to the Part or Rule in which the term is defined or interpreted.

Rule 1-104 Status Equivalent to Membership

For the purposes of applicable securities legislation, including the *Securities Act*, a Participating Organization shall be considered to be a member of the Exchange.

Rule 1-105 Application of Rules

Marketplace Matches and Marketplace Messages are not subject to Parts 2 to 8 of the Rules. For greater certainty, a Marketplace Match is not considered to be a trade or an Exchange Contract under the Rules, and a Marketplace Message is not considered to be a tradeable order or an order under the Rules.

Added (March 10, 2006)

PART 2 - ACCESS TO TRADING

DIVISION 1 - QUALIFICATIONS AND APPLICATION

Rule 2-101 Qualifications

An applicant for acceptance as a Participating Organization shall, prior to being accepted as a Participating Organization:

- (a) be a member in good standing of a recognized self-regulatory organization;
- (b) meet applicable Exchange Requirements, including compliance with the continuing qualifications applicable to a Participating Organization; and
- (c) meet such standards as may be prescribed from time to time.

Rule 2-102 Application

- (1) An application for acceptance as a Participating Organization shall be made in such form and contain such information as the Exchange may from time to time require.
- (2) The Exchange may examine and make copies of the books and records of an applicant and take such evidence as may be desirable or appropriate to ascertain relevant facts bearing upon the applicant's qualifications.

Rule 2-103 Notice (Repealed)

Repealed (October 20, 2000)

Rule 2-104 Acceptance as a Participating Organization

The Exchange may:

- (a) accept an applicant unconditionally;
- (b) accept an applicant subject to such terms and conditions as may be considered appropriate or necessary to ensure compliance by the applicant with Exchange Requirements; or
- (c) refuse the application if, after having regard to such factors as the Exchange may consider relevant including, without limitation, the past or present conduct, business or condition of the applicant or any of its directors, senior officers or holders of a significant equity interest, the Exchange is of the opinion that:
 - (i) the applicant will not comply with Exchange Requirements,
 - (ii) the applicant is not qualified by reason of integrity, solvency, training or experience, or
 - (iii) such acceptance is otherwise not in the public interest.

Rule 2-105 Rights of Applicant (sub(b) Repealed)

If the Exchange proposes to accept an applicant subject to terms and conditions pursuant to Rule 2-104(b) or to refuse an applicant pursuant to Rule 2-104(c), the applicant shall be:

- (a) provided with a statement of the grounds upon which the Exchange proposes to accept the applicant subject to terms and conditions or to reject an applicant with the particulars of those grounds; and
- (b) **Repealed (September 4, 2014)**

Rule 2-106 Waiting Period if Rejected

An applicant whose application has been refused may not apply to be accepted as a Participating Organization for six months following the date of the refusal.

Rule 2-107 Entrance Fee

- (1) An applicant that has been accepted as a Participating Organization shall pay, before beginning to trade on the Exchange, an entrance fee as may from time to time be fixed by the Board.
- (2) If an applicant has not paid the entrance fee within six months of acceptance by the Exchange, such acceptance shall lapse.

Rule 2-108 Register of Participating Organizations

The Exchange shall keep a register of Participating Organizations with the names of all persons who are or have been Participating Organizations within the last 10 years, together with the address of each such Participating Organization while a Participating Organization.

Rule 2-109 Representative of Participating Organization

- (1) A Participating Organization that is not an individual shall appoint, in writing, an individual as its representative who shall be a senior officer, director or partner of the Participating Organization.
- (2) The representative shall:
 - (a) represent the Participating Organization in all dealings with the Exchange, with full authority to speak for and bind the Participating Organization;
 - (b) ensure that the Participating Organization, each Related Company and the partners, shareholders, directors, officers and employees of the Participating Organization and each Related Company comply with Exchange Requirements; and
 - (c) be primarily responsible to the Exchange for the conduct of the persons named in Rule 2-109(2)(b) without in any way limiting the duties and liabilities of others under these Rules.

Rule 2-110 Not Transferable

Acceptance as a Participating Organization is not transferable.

DIVISION 2 - INTERESTS AND OWNERSHIP

Rule 2-201 Change in Control (Sub (3) and Sub (5)(b) Repealed)

- (1) For the purposes of this Rule, the acquisition of, directly or indirectly, or obtaining the ability to exercise control over, a significant equity interest in a Participating Organization shall, in the absence of evidence to the contrary, be deemed to be a change in control of the Participating Organization.
- (2) A Participating Organization shall apply, in such form and with such information as the Exchange may require, to the Exchange for prior approval of a change in control of the Participating Organization.
- (3) **Repealed (October 20, 2000)**
- (4) The Exchange may:
 - (a) approve a change in control unconditionally;
 - (b) approve a change in control subject to such terms and conditions as may be considered appropriate or necessary to ensure continued compliance with Exchange Requirements by the Participating Organization;
 - (c) refuse to approve a change in control if, after having regard to such factors as the Exchange may consider relevant including, without limitation, the past or present conduct, business or condition of the proposed controlling person or persons, the Exchange is of the opinion that:
 - (i) the Participating Organization will not comply with Exchange Requirements after the change in control,
 - (ii) the proposed controlling person is not qualified by reason of integrity, or

- (iii) such approval is otherwise not in the public interest.
- (5) If the Exchange proposes to approve a change in control subject to terms and conditions pursuant to Rule 2-201(4)(b) or to refuse to approve a change in control pursuant to Rule 2-201(4)(c), the applicant shall be:
 - (a) provided with a statement of the grounds upon which the Exchange proposes to approve the change in control subject to terms and conditions or to refuse to approve the change in control with the particulars of those grounds.
 - (b) **Repealed (September 4, 2014)**

Rule 2-202 Ownership of Significant Equity Interest

- (1) A Participating Organization shall give the Exchange prompt written notice of a person, or combination of persons acting jointly and in concert, acquiring, directly or indirectly, or obtaining the ability to exercise control over, a significant equity interest in the Participating Organization.
- (2) Without restricting the generality of Rule 2-202(1), notice shall be given of the acquisition of an indirect significant equity interest through a holding company.

Rule 2-203 Subsidiaries

A Participating Organization that is a subsidiary of a Participating Organization may carry on business under a name that is not the same as or is not substantially similar to the name of the parent Participating Organization, provided that:

- (a) the subsidiary's letterhead, confirmations, research publications and all other documents issued to the public clearly disclose its association with the parent Participating Organization; and
- (b) each of the Participating Organization and the subsidiary shall bear full responsibility for compliance by the subsidiary with Exchange Requirements.

Rule 2-204 Related Companies

A Related Company shall comply with all Exchange Requirements as though it were a Participating Organization and each partner, owner, director, officer, shareholder or employee of a Related Company shall comply with Exchange Requirements as though the Related Company were a Participating Organization, except to the extent that non-compliance with specified provisions may be approved from time to time by the Exchange, either generally, individually or by classes.

DIVISION 3 - CONTINUING QUALIFICATIONS

Rule 2-301 Membership in SRO

- (1) If a Participating Organization ceases to be a member of a recognized self-regulatory organization, its status with the Exchange shall be terminated automatically.
- (2) If a Participating Organization's status with a recognized self-regulatory organization has been suspended or if the Exchange determines that a Participating Organization is in non-compliance with the requirements of a recognized self-regulatory organization of which the Participating Organization is a member, the Exchange may impose such terms and conditions on the Participating Organization as the Exchange deems appropriate in the circumstances, including suspension and termination of its status.

Amended (September 4, 2014)

Rule 2-302 Approval of Directors and Partners

Each partner, director or officer of a Participating Organization as approved by a recognized self-regulatory organization shall be deemed to have Exchange Approval.

Rule 2-303 Fees and Charges

A Participating Organization shall pay such fees and charges as shall be fixed by the Exchange, which shall become due and payable to the Exchange at such time or times and in such manner as the Exchange shall require.

Rule 2-304 Notifications

- (1) A Participating Organization shall give the Exchange prior written notice of:
 - (a) a change in its name or the name under which it carries on business; and
 - (b) a change in the address of its head office.
- (2) A Participating Organization shall give the Exchange prompt written notice of:
 - (a) securities of it or its holding company being held contrary to the provisions of Division 2 of this Part;
 - (b) the death, retirement, resignation or termination of employment or association of a partner, director or officer of the Participating Organization or its holding company;
 - (c) any non-compliance with the provisions of Division 3 of this Part as they apply to the Participating Organization, its directors, shareholders, officers and employees;
 - (d) any non-compliance with the requirements of a recognized self-regulatory organization of which the Participating Organization is a member; and
 - (e) a termination or suspension of the Participating Organization's status as a member of a recognized self-regulatory organization.

Amended (September 4, 2014)

Rule 2-305 Restrictions on Individuals

- (1) A director or partner of a Participating Organization, as applicable, shall not:
 - (a) without the prior approval of the Exchange, carry on the business of a broker, dealer or adviser in securities or be a Participating Organization, or be a partner, director, officer, shareholder or employee of another Participating Organization, an entity that has the business of broker, dealer or adviser in securities as its principal business or an affiliate or associate of another Participating Organization, except:
 - (i) where the other Participating Organization is an affiliate or associate of the Participating Organization,
 - (ii) where the relationship with the entity or other Participating Organization is as shareholder, the shares are publicly traded or the Investment is otherwise permitted by these Rules, or
 - (iii) where the relationship does not represent a significant equity interest in another Participating Organization or in an affiliate or associate thereof and the Exchange has been notified of the relationship and provided with evidence that the other Participating Organization's recognized self-regulatory organization does not object to the relationship;
 - (b) be a Participating Organization or an Approved Person whose approval is suspended;
 - (c) be a Participating Organization that has ceased to be a member of a recognized self regulatory organization; or
 - (d) make an assignment under the *Bankruptcy and Insolvency Act* (Canada) or have a receiving order made against them.

- (2) A director, officer or partner of a Participating Organization shall not accept or permit an associate to accept, directly or indirectly any remuneration, gratuity, advantage, benefit or other consideration from any person other than the Participating Organization or its affiliates or related companies in respect of the activities carried out by such director, officer or partner on behalf of the Participating Organization or its affiliates or related companies and in connection with the sale or placement of securities on behalf of any of them.
- (3) A Participating Organization that is an individual shall not:
 - (a) make an assignment under the *Bankruptcy and Insolvency Act* (Canada) or have a receiving order made against them; or
 - (b) without the prior approval of the Exchange, be a director, officer, shareholder, employee or partner of another Participating Organization or other Participating Organization's Related Company or associate that carries on securities related activities, unless the relationship does not represent a significant equity interest in such Participating Organization, Related Company or associate and the individual Participating Organization notifies the Exchange of the relationship and provides the Exchange with evidence that the individual Participating Organization's recognized self-regulatory organization does not object to the relationship; or
 - (c) be a Participating Organization or an Approved Person whose approval is suspended.

Rule 2-306 Termination of Employment on Withdrawal of Approval

- (1) Unless otherwise ordered by the Exchange, if the Exchange Approval of any Approved Person is suspended or revoked, the Participating Organization shall immediately terminate the employment of such person, including any office which such person may hold with the Participating Organization.
- (2) Without the approval of the Exchange, no Participating Organization shall employ in any capacity a person whose Exchange Approval has been suspended or revoked at any time while such suspension or revocation is in effect.
- (3) Except to the extent permitted by the Exchange, if the Exchange Approval of any partner in or director or shareholder of a Participating Organization is:
 - (a) revoked, such Participating Organization shall take all steps necessary to terminate the partnership interest, directorship, and shareholdings in the Participating Organization of such person;
 - (b) suspended, such partner, director or shareholder shall take no part whatsoever in the affairs of the Participating Organization during the period of such suspension.

Rule 2-307 Indemnification and Limited Liability of the Exchange

- (1) To the extent permitted by law, the Exchange shall at all times be indemnified and saved harmless by each Participating Organization from and against all costs, charges and expenses (including an amount paid to settle an action or satisfy a judgement and including legal and professional fees and out of pocket expenses of attending trials, hearings and meetings), whatsoever that the Exchange sustains or incurs in or about any action, suit or proceeding, whether civil, criminal or administrative, and including any investigation, inquiry or hearing, or any appeal therefrom, that is threatened, brought, commenced or prosecuted against the Exchange or in respect of which the Exchange is compelled or requested to participate, for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by such Participating Organization.
- (2) To the extent permitted by law, all costs, charges and expenses indemnified pursuant to Rule 2-307(1) shall be paid to the Exchange by the Participating Organization in advance of the final disposition of the matter and shall be paid promptly or at the latest within 90 days after receiving the written request of the Exchange.
- (3) By making use of the trading system, a Participating Organization expressly agrees to accept all liability arising from the use of the trading system.

- (4) The Exchange shall not be liable for any loss, damage, cost, expense, or other liability or claim suffered or incurred by or made against a Participating Organization as a result of the use by such Participating Organization of the trading system.
- (5) The Exchange shall not be liable to a Participating Organization for any loss, damage, cost, expense or other liability or claim arising from any:
 - (a) failure of the trading system; or
 - (b) negligent, reckless or wilful act or omission of:
 - (i) a subsidiary or affiliate of the Exchange,
 - (ii) a director, officer or employee of the Exchange or a subsidiary or affiliate of the Exchange or member of a committee appointed by the Board or a subsidiary or affiliate of the Exchange, or
 - (iii) an independent contractor retained by the Exchange or a subsidiary or affiliate of the Exchange.
- (6) No director, officer or employee of the Exchange or a subsidiary of the Exchange or member of a committee appointed by the Board or a subsidiary of the Exchange shall be liable for any loss, damage or misfortune whatever that happens in the execution of his or her duties or in relation thereto, including in the execution of duties, whether in an official capacity or not, for or on behalf of or in relation to the Exchange or any of its subsidiaries or any body corporate or entity which he or she serves or provides services to at the request of or on behalf of the Exchange or any of its subsidiaries, unless the same is occasioned by his or her own wilful neglect or default.
- (7) If a legal proceeding that arises directly or indirectly from the use of the trading system by a Participating Organization is brought or threatened against the Exchange or a person named in Rules 2-307(5) and (6), the participating Organization shall reimburse the Exchange for:
 - (a) all costs, charges, expenses and legal and professional fees incurred to indemnify a person named in Rules 2-307(5) and (6);
 - (b) any recovery adjudged against the Exchange or a person named in Rules 2-307(5) and (6) if the Exchange or such person is found to be liable; and
 - (c) any payment made by the Exchange with the consent of the Participating Organization in settlement of such proceeding.

Rule 2-308 Compulsory Arbitration

- (1) In the event of any dispute arising between Participating Organizations regarding an Exchange Contract which has not been settled, such dispute shall be submitted to the decision of three arbitrators, who shall be employees of Participating Organizations, selected as hereinafter provided, and the decision of the majority of such arbitrators shall be final and binding on all parties.
- (2) The procedure for the nomination of arbitrators shall be as follows:
 1. The Participating Organization believing it to be the injured party shall deliver to the Exchange a written memorandum, stating in a summary way the matter in dispute and the redress the Participating Organization claims, and naming its arbitrator.
 2. The Exchange shall forward a copy of such memorandum to the opposite party, who shall within two clear Business Days after receipt thereof file with the Exchange a written memorandum containing its statement of the matter in dispute, and naming its arbitrator and the Exchange shall forward a copy thereof to the opposite party and copies of both memoranda so filed to the arbitrators named, and they shall proceed within twenty-four hours after receipt of such memoranda to nominate a third arbitrator.

3. If a party fails to name its arbitrator, the Exchange may name one for the Participating Organization, and in the event of the two arbitrators named failing to nominate the third arbitrator within the time aforesaid the third arbitrator shall be appointed by the Exchange.
- (3) The three arbitrators so named shall forthwith give written notice to the parties of the time and place of their first sitting, which shall be held within two days after the appointment of the third arbitrator and shall require them to be present and to produce any books, documents or papers respecting the matter at issue, and at such time and place, or at any other time and place to which they shall give written notice to the parties, the arbitrators shall hear the parties, shall make such inquiries and receive such evidences as they may deem necessary, and shall decide the subject matter in dispute and fix the cost of the reference and shall make their award and forward the same in writing to the Exchange which shall give notice of the same to all the parties concerned.
- (4) The award of such arbitration shall be final and not subject to review or appeal, and shall be binding upon all parties concerned and the *Arbitration Act* (Ontario) shall not apply to any such arbitration.
- (5) No Participating Organization shall commence legal proceedings against another Participating Organization upon any contract or breach of contract with reference to an Exchange Contract unless and until the Participating Organization has given due notice thereof to the Exchange and has received notice that the Exchange has authorized the commencement of such proceedings.

Rule 2-309 Appointment of Auditors

Notwithstanding any exemption from the appointment of auditors which may be available at law, each Participating Organization shall appoint an auditor from a panel of auditors selected by the recognized self-regulatory organization of which the Participating Organization is a member.

Rule 2-310 Original Records

- (1) Each Participating Organization and each person subject to the jurisdiction of the Exchange shall maintain all information, financial statements, forms, books, records, reports, filings and papers required by any Exchange Requirement in such manner and form, including electronically, as may be required or permitted by the Exchange from time to time.
- (2) No Participating Organization nor any person on behalf of a Participating Organization shall send or cause to be sent or remove or cause to be removed any original records of the Participating Organization from Canada to a foreign jurisdiction without the consent of the Exchange.

DIVISION 4 - SUPERVISION OF TRADING

Rule 2-401 Supervision of Trading (Repealed)

Repealed (April 1, 2002)

Rule 2-402 Accounts (Subs (2) & (3) Repealed)

- (1) Accounts over which an Approved Trader has authority or control, directly or indirectly, shall be maintained with their Participating Organization.
- (2) **Repealed (April 1, 2002)**
- (3) **Repealed (April 1, 2002)**

Rule 2-403 Prohibition of Carrying Certain Accounts Without Consent

- (1) No Participating Organization shall carry any account in securities which is under the control or authority of an Approved Person or employee of another Participating Organization or a partner in or director, officer or employee of a dealer which is not a Participating Organization without the written consent of such other Participating Organization or dealer.
- (2) For the purposes of this Rule, a Participating Organization making any trade pursuant to the authority or control of such a person shall be considered to be carrying such an account.
- (3) The Participating Organization carrying the account shall deliver to the other Participating Organization or dealer statements at intervals of not more than a month showing each trade and entry for each such account since the period covered by the last such statement.
- (4) In the case of an account under the authority or control of a partner or a director of the Participating Organization such statement may be waived and any such waiver and any consent under Rule 2-403(1) must be signed by another partner in or director of the other Participating Organization or dealer.

Rule 2-404 Records of Orders (Repealed)

Repealed (April 1, 2002)

Rule 2-405 Confirmation

- (1) A Participating Organization that has acted in the purchase or sale of a security on the Exchange shall promptly send or deliver to its client, if any, a written confirmation of the purchase or sale setting forth the following:
 - (a) the quantity and description of the security, and where the security is a restricted share, the description of the security shall include the appropriate restricted share term or an abbreviation with an explanation of the abbreviation;
 - (b) the consideration;
 - (c) whether the Participating Organization was acting as principal or agent;
 - (d) if acting as agent, the name of the Participating Organization from or to or through whom the security was bought or sold;
 - (e) the date upon which the purchase or sale took place;
 - (f) the commission, if any, charged in respect of such purchase or sale;
 - (g) the name of the Registered Representative or other person instructed by the client to make the purchase or sale;
 - (h) that the purchase or sale took place upon the Exchange; and
 - (i) in the case of stripped coupons and residual debt instruments:
 - (i) the yield thereon calculated on a semi-annual basis in a manner consistent with the yield calculation for the debt instrument which has been stripped, and
 - (ii) the yield thereon calculated on an annual basis in a manner consistent with the yield calculation for other debt securities which are commonly regarded as being competitive in the market with such coupons or residuals such as guaranteed investment certificates, bank deposit receipts and other indebtedness for which the term and interest rate is fixed.
- (2) For the purposes of Rule 2-405(1)(d) and (g) the person may be identified in a written confirmation by means of a code or symbols if the written confirmation also contains a statement that the name of the person will be furnished to the client on request.

- (3) Where the Participating Organization uses a code or symbols for identification in a confirmation under Rule 2-405(1)(d) and (g) the Participating Organization, if requested by the Exchange, shall file the code or symbols and their meaning with the Exchange and shall notify the Exchange within five days of any change in or addition to the code or symbols or their meaning.
- (4) Provided that every confirmation contains the information specified in Rule 2-405(1), the confirmation may be recorded and delivered in such form or manner as may be determined from time to time by the recognized self-regulatory organization of which the Participating Organization is a member.
- (5) A copy of each confirmation shall be retained by each Participating Organization for 5 years.
- (6) For the purposes of Rule 2-405(1), “restricted shares” shall refer to those classes of shares that are included in lists of restricted shares published from time to time by the Exchange, the Investment Dealers' Association or other Canadian stock exchanges, and “restricted share term” shall refer to the designation of a particular class of shares that appears in such lists.

Amended (February 24, 2012)

Rule 2-406 Records of Security Positions

A Participating Organization shall keep a record showing its security position from day to day and such record shall be kept in a manner as to enable the Participating Organization within a reasonable period to show the position on any prescribed date in all securities bought, sold or carried for or in any and all accounts, as well as the long and short position of each account in each security, the number of securities owing to or from the Clearing Corporation, the number of securities hypothecated, the number of securities in transfer and the number of securities on hand.

DIVISION 5 - PARTICIPATING ORGANIZATIONS PROVIDING THIRD PARTY ELECTRONIC ACCESS

Rule 2-501 Third Party Electronic Access to Marketplaces

A Participating Organization may provide a third party with electronic access to the Exchange 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.

Amended (March 1, 2014)

Policy 2-501 (Deleted)

Rule 2-502 Conditions for Connections

- (1) A Participating Organization may permit orders received electronically from a third party to which it has granted electronic access in accordance with Rule 2-501 to be transmitted to the trading system of the Exchange provided that the Participating Organization:
 - (a) has obtained prior written approval of the Exchange that the system of the Participating Organization is permitted to transmit orders to the Exchange;
 - (b) has ensured its system is subject to an executed standard agreement with the Exchange governing the connection between the system of the Participating Organization and the trading system of the Exchange;
 - (c) complies with Canadian regulatory requirements governing the provision of third party electronic access to marketplaces;

- (d) ensures that its system supports compliance with Exchange Requirements dealing with the entry and trading of orders by all third parties who have been provided with electronic access to the Exchange;
 - (e) ensures security of access to its system such that only persons authorized by the Participating Organization are provided access to the Exchange; and
 - (f) designates a specific person as being responsible for the system of the Participating Organization used to transmit orders.
- (2) The system of the Participating Organization includes any system through which an order designated with the Participating Organization identifier is transmitted to the Exchange, including without limitation, the technology systems of the Participating Organization, the approved technology system of a service provider retained by the Participating Organization, or an approved system that the Participating Organization permits the third party access client to transmit orders through to the Exchange.

Amended (March 1, 2014)

Policy 2-502 (Deleted)

Rule 2-503 Responsibility of Participating Organizations

A Participating Organization which provides a third party with electronic access to the Exchange in accordance with Rule 2-501 shall:

- (a) be responsible for compliance with Exchange Requirements with respect to the entry and execution of orders transmitted by each third party through the Participating Organization;
- (b) provide the Exchange with prior written notification of the individual appointed to be responsible for such compliance;
- (c) immediately disclose to the Exchange 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 the Exchange;
- (d) inform the Exchange 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 Exchange Requirements; or
 - (ii) the agreement contemplated by Rule 2-502(b); and
- (e) immediately notify the Exchange if the Participating Organization terminates a third party electronic access client's access to the Exchange.

Amended (March 1, 2014)

Rule 2-504 Termination of Third Party Electronic Access

- (1) The Exchange may suspend a third party's electronic access to the trading system of the Exchange without notice if it concludes that the third party:
- (a) misused the Exchange's trading system or has interfered with fair and orderly markets;
 - (b) failed to comply or is not in compliance with Exchange 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 the Exchange.
- (2) A Participating Organization must terminate a third party's access to the Exchange's trading system immediately upon receiving notice from the Exchange or IIROC of such required termination and must not reinstate that third party's access to the Exchange's trading system without the Exchange's written approval.

Added (March 1, 2014)

DIVISION 6 - SUSPENSION AND TERMINATION

Rule 2-601 Good Standing

- (1) No person shall use, exercise or enjoy any of the rights or privileges of a Participating Organization unless the person is a Participating Organization that has not been suspended or terminated and that has not been deprived of such rights or privileges pursuant to Exchange Requirements.
- (2) A Participating Organization that has been suspended or terminated or that has been deprived of some rights or privileges pursuant to Exchange Requirements shall not for that reason alone lose its rights hereunder in respect of any claims it may have against another Participating Organization unless such rights are expressly dealt with.

Rule 2-602 Termination

- (1) A Participating Organization may terminate its status as such by giving not less than 3 months' written notice to the Exchange.
- (2) The Exchange may postpone the effective date of termination until it is satisfied that the Participating Organization has:
 - (a) complied with Exchange Requirements; and
 - (b) obtained the necessary consents from the recognized self-regulatory organization of which it is a member.
- (3) The Exchange may terminate a Participating Organization's status as a Participating Organization, if it determines that a Participating Organization has:
 - (a) contravened or is not in compliance with an Exchange Requirement; 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 the Exchange or the public.

Amended (September 4, 2014)

Rule 2-603 Automatic Suspension

- (1) If a Participating Organization becomes insolvent or bankrupt or adjudged to be a defaulter in accordance with Part V, the Participating Organization shall automatically and without the necessity of any action by the Board or the Exchange, be suspended as a Participating Organization and notice of such suspension shall be provided by the Exchange to Participating Organizations.
- (2) A Participating Organization shall be deemed to be insolvent if:
 - (a) the Participating Organization is for any reason unable to meet its obligations as they generally become due;
 - (b) the Participating Organization has ceased paying its current obligations in the ordinary course of business as they generally become due; or
 - (c) the aggregate of the property of the Participating Organization is not, at a fair valuation, sufficient or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all its obligations, due and accruing due.
- (3) A Participating Organization shall be deemed to be bankrupt if the Participating Organization has committed an act of bankruptcy as set forth in the *Bankruptcy and Insolvency Act* (Canada).

DIVISION 7 - TRADING NUMBERS

Rule 2-701 Assignment of Trading Numbers (Repealed)

Repealed (April 1, 2002)

Rule 2-702 Disclosure of Trading Number

No order shall be entered into the trading system, unless such order discloses the trading number which has been assigned to the Participating Organization which has entered the order.

PART 3 - GOVERNANCE OF TRADING SESSIONS

DIVISION 1 - SESSIONS

Rule 3-101 Date and Time of Sessions

- (1) The Exchange shall be open for Sessions on each Business Day.
- (2) The Board shall determine the opening time and closing time of Sessions.

Amended (September 12, 2008)

Rule 3-102 Trades Outside of Hours for Sessions

Except as approved by a Market Surveillance Official, no trade in a security shall be made on the Exchange at a time prior to the dissemination by the Exchange on the trading system of a message opening the Session or at a time after the dissemination by the Exchange on the trading system of a message closing the Session.

Amended (February 24, 2012)

Rule 3-103 Changes in Sessions, Trading Suspensions and Halts (Subs (4) & (5) Repealed)

- (1) The Board, at any time by resolution, may:
 - (a) suspend all trading at any Session or Sessions;
 - (b) close any Session or Sessions; or
 - (c) reduce, extend or otherwise alter the time of any Session or Sessions.
- (2) The Chairman or, in the absence of the Chairman, the Vice-Chairman, or in the absence of the Vice-Chairman, the President may, at any time in the event of an emergency:
 - (a) suspend all trading at any Session or Sessions; or
 - (b) reduce, extend or otherwise alter the time of any Session or Sessions.
- (3) The President or, in the absence of the President, any Senior Vice-President as may at any time in the event of a technical problem with the trading system that is substantially impairing trading or will likely substantially impair trading if not resolved:
 - (a) suspend operation of any or all trading systems at any Session or Sessions; or
 - (b) reduce, extend or otherwise alter the time of any Session or Sessions.
- (4) **Repealed (April 1, 2002)**
- (5) **Repealed (April 1, 2002)**

DIVISION 2 - DECISIONS

Rule 3-201 Powers of Trading Policy Committee (Repealed)

Repealed (April 3, 2000)

Rule 3-202 Powers of Equities Procedure Committee (Repealed)

Repealed (April 3, 2000)

Rule 3-203 Power of Market Surveillance Officials (Repealed)

Repealed (April 1, 2002)

Rule 3-204 General Exemptive Relief

- (1) The Board may by Policy exempt any class of persons or class of transactions from the application of an Exchange Requirement if, in the opinion of the Board, the provision of such exemption:
 - (a) would not be contrary to the provisions of the *Securities Act* and the rules and regulations thereunder;
 - (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 of such class of persons or class of transactions.
- (2) The Exchange may by Decision exempt any particular person or particular transaction from the application of an Exchange Requirement if, in the opinion of the Exchange, the provision of such exemption:
 - (a) would not be contrary to the provisions of the *Securities Act* and the rules and regulations thereunder;
 - (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 of the particular person or transaction.

Rule 3-205 General Prescriptive Power

The Board may prescribe such other terms and conditions, as the Board considers appropriate in the circumstances, related to:

- (a) trading in securities, including trading in listed securities either on or off the Exchange; and
- (b) settlement of securities traded on the Exchange.

Amended (February 24, 2012)

Rule 3-206 General Anti-Avoidance Provision

If, in the opinion of the Exchange, a Participating Organization has organized its business and affairs for the purpose of avoiding the application of any Exchange Requirement, the Exchange may apply such Exchange Requirement to the Participating Organization or Approved Person in the same manner as if such provision had directly applied to such Participating Organization or Approved Person.

Rule 3-207 Withdrawal of Approval and Changes in Exchange Requirements

Any Exchange Approval and any Exchange Requirement may at any time be changed, suspended, withdrawn or revoked by the Exchange, with or without notice or cause, and notwithstanding any action taken or position changed by anyone, including the Exchange, any Participating Organization and any Approved Person, since the granting of the Exchange Approval or the making of the Exchange Requirement, each Participating Organization and each Approved Person will comply with such change, suspension, withdrawal or revocation and any Decisions made by the Exchange.

Rule 3-208 Appeals of Decisions (Repealed)

Repealed (April 1, 2002)

PART 4 - TRADING OF SECURITIES

DIVISION 1 - MARKET FOR SECURITIES

Rule 4-101 Trades of Listed Securities to be on the Exchange (Repealed)

Repealed (April 1, 2002)

Rule 4-102 Off-Exchange Trades in Listed Securities (Repealed)

Repealed (April 1, 2002)

Rule 4-103 Wide Distributions (Repealed)

Repealed (January 19, 2009)

Policy 4-103 (Deleted)

Rule 4-104 Proprietary Electronic Trading Systems

- (1) A Participating Organization may operate or sponsor a PETS provided the Participating Organization has provided to the Exchange reasonable prior notice of:
 - (a) the intention of the Participating Organization to operate or sponsor a PETS;
 - (b) the functionality of the PETS; and
 - (c) any material modifications to the operation or functionality of the PETS.
- (2) The operation of a PETS shall be:
 - (a) limited to orders for more than:
 - (i) 1,200 units of a security other than a debt security, and
 - (ii) \$10,000 in principal amount of a debt security;
 - (b) subject to Exchange Requirements; and
 - (c) integrated with the Exchange's market.

Amended (February 24, 2012)

Rule 4-105 eVWAP Facility (Repealed)

Repealed (March 10, 2006)

Rule 4-106 POSIT Call Market (Repealed)

Repealed (March 10, 2006)

Rule 4-107 Specialty Price Crosses

- (1) Execution
Specialty Price Crosses may be executed in the Regular Session and the Special Trading Session.
- (2) Restriction on Setting Last Sale or Closing Price
Specialty Price Crosses shall not be used in the calculation of either a last sale price or closing price for a stock for the Regular Session or the Special Trading Session.

Added (May 30, 2003)

Policy 4-107 Specialty Price Crosses

(1) Qualifying Basis Trades

A Basis Trade shall comprise of at least 80 percent of the component share weighting of the basket of securities or index participation unit that is the subject of the Basis Trade.

(2) Reporting of Basis Trades

Participating Organizations executing Basis Trades on the Exchange shall report details of the transaction to a Market Surveillance Official at the Exchange and IIROC in the format and at the time required by the Exchange and IIROC. Such information shall include complete details relating to the calculation of the price of the Basis Trade and all relevant supporting documentation.

(3) Qualifying Volume-Weighted Average Price Trades

A Volume-Weighted Average Price Trade that is not calculated based on all trades during the Regular Session on a Trading Day shall be determined in such a manner that the time period for calculating the volume-weighted average price must commence after the receipt of the order by the Participating Organization. In addition, the types of trades to be excluded from the calculation must be determined prior to the commencement of the calculation period.

(4) Reporting of Volume-Weighted Average Price Trades

Participating Organizations executing Volume-Weighted Average Price Trades on the Exchange shall report details of the transaction to a Market Surveillance Official at the Exchange and IIROC in the format and at the time required by the Exchange and IIROC. Such information shall include details of the time period used to calculate the volume-weighted average price, a description of any types of trades excluded from the volume-weighted average price calculation and all relevant supporting documentation.

Amended (September 12, 2008)

Rule 4-108 ATX Facility (Repealed)

Repealed (July 24, 2009)

DIVISION 2 - MARKET INTEGRITY

Rule 4-201 General Compliance Requirement

Each Participating Organization and each person under the jurisdiction of the Exchange shall comply with all applicable:

- (a) Securities legislation;
- (b) Exchange Requirements; and
- (a) Provisions of UMIR.

Added (April 1, 2002)

Rule 4-201 Just and Equitable Principles (Repealed)

Repealed (April 1, 2002)

Rule 4-202 Manipulative or Deceptive Method of Trading (Repealed)

Repealed (April 1, 2002)

Rule 4-203 Recorded Prices (Repealed)

Repealed (April 1, 2002)

Rule 4-204 Frontrunning (Repealed)

Repealed (April 1, 2002)

Rule 4-205 Cancelled Trades (Repealed)

Repealed (April 1, 2002)

Rule 4-206 Records of Trades (Repealed)

Repealed (April 1, 2002)

Rule 4-207 Liability of Participating Organizations for Bids, Offers and Contracts (Repealed)

Repealed (April 1, 2002)

DIVISION 3 - RESTRICTIONS ON TRADING

Rule 4-301 Short Selling (Repealed)

Repealed (April 1, 2002)

Rule 4-302 Report of Short Positions (Repealed)

Repealed (April 1, 2002)

Rule 4-303 Restrictions on Trading by Participating Organizations Involved in a Distribution (Repealed)

Repealed (April 1, 2002)

Rule 4-304 Market Balancing in a Securities Exchange Take-Over Bid (Repealed)

Repealed (April 1, 2002)

Rule 4-305 Sales from Control Block Through the Facilities of the Exchange

(1) Responsibility of Participating Organization and Seller

It is the responsibility of both the selling security holder and Participating Organization acting on their behalf to ensure compliance with Exchange Requirements and applicable securities laws. In particular, Participating Organizations and selling security holders should familiarize themselves with the procedures and requirements set out in Part 2 of National Instrument 45-102.

(2) Sales Pursuant to an Order or Exemption

If securities are to be sold from a control block pursuant to an order made under section 74 of the Securities Act or an exemption contained in Part XVII of the Securities Act, or in Part 4 of National Instrument 45-106, the securities acquired by the purchaser may be subject to a hold period in accordance with the provisions of the Securities Act or National Instrument 45-102. Sales of securities subject to a hold period are special terms trades and will normally be permitted to take place on the Exchange without interference.

(3) General Rules for Control Block Sales on the Exchange

1. **Filing**—The seller shall file Form 45-102F1 Notice of Intention to Distribute Securities under subsection 2.8 of National Instrument 45-102 with the Exchange at least seven calendar days prior to the first trade made to carry out the distribution.
2. **Notification of Appointment of Participating Organization**—The seller must notify the Exchange of the name of the Participating Organization which will act on behalf of the seller. The seller shall not change the Participating Organization without prior notice to the Exchange.

3. **Acknowledgement of Participating Organization**—The Participating Organization acting as agent for the seller shall give notice to the Exchange of its intention to act on the sale from control before any sales commence.
 4. **Report of Sales**—The Participating Organization shall report in writing to the Exchange on the last day of each month the total number of securities sold by the seller during the month, and, if and when all of the securities have been sold, the Participating Organization shall so report forthwith in writing to the Exchange.
 5. **Issuance of Exchange Bulletin**—The Exchange shall issue a bulletin respecting the proposed sale from control which bulletin will contain the name of the seller, the number of securities of the listed company held by the seller, the number proposed to be sold, and any other information that the Exchange considers appropriate. The Exchange may issue further bulletins from time to time regarding the sales made by the seller.
 6. **Special Conditions**—The Exchange may, in circumstances it considers appropriate, require that special conditions be met with respect to any sales. Possible conditions include, but are not limited to, the requirement that the seller not make a sale below the price of the last sale of a board lot of the security on the Exchange which is made by another person acting independently.
 7. **Term**—The filing of Form 45-102F1 is valid for a period of 30 days from the date the form was filed.
 8. **First Sale**—The first sale cannot be made until at least seven calendar days after the filing of Form 45-102F1.
- (4) Restrictions on Control Block Sales on the Exchange
1. **Private Agreements**—A Participating Organization is not permitted to participate in sales from control by private agreement transactions.
 2. **Normal Course Issuer Bids**—If the issuer of the securities which are the subject of the sale from control block is undertaking a normal course issuer bid in accordance with Part 6 of the Rules, the normal course issuer bid and the sale from control block will be permitted on the condition that:
 - (a) the Participating Organization acting for the issuer confirms in writing to the Exchange that it will not bid for securities on behalf of the issuer at a time when securities are being offered on behalf of the control block seller;
 - (b) the Participating Organization acting for the control block seller confirms in writing to the Exchange that it will not offer securities on behalf of the control block seller at a time when securities are being bid for under the issuer bid; and
 - (c) transactions in which the issuer is on one side and the control block seller on the other are not permitted.
 3. **Price Guarantees**—The price at which the sales are to be made can not be established or guaranteed prior to the seventh day after the filing of Form 45-102F1 with the Exchange.
 4. **Crosses**—A Participating Organization may distribute the whole of a control block sale to its own clients by means of a cross. Established crossing rules require that, prior to execution, all orders that are entered on any Canadian Exchange at better prices than the price of the proposed cross must be filled in full. If the market is to be moved before execution of a cross, the Responsible Registered Trader should be notified in advance.

Amended (April 6, 2017)

Rule 4-306 Trading Equities by Market Makers and Options Traders (Repealed)

Repealed (April 1, 2002)

DIVISION 4 - GENERAL TRADING RULES

Rule 4-401 Trading in the Book

- (1) The Book shall contain and display all committed orders to buy or sell a security that are made on the Exchange, unless otherwise provided by the Exchange.
- (2) Only committed orders shall participate in trading, except for trading in the special terms market.
- (3) All trades on the Exchange shall be executed in the Book, unless otherwise provided by the Exchange.

Amended (February 24, 2012)

Rule 4-402 Exposure of Client Orders (Repealed)

Repealed (April 1, 2002)

Rule 4-403 Designating Orders

- (1) Each order entered on the Exchange shall contain a designation acceptable to the Exchange if the order is:
 - (a) a non-client order,
 - (b) for the account of a Responsible Designated Trader at a Market Maker Firm,
 - (c) a principal order,
 - (d) a jitney order,
 - (e) part of a program trade, or
 - (f) for the account of an issuer that is purchasing pursuant to a normal course issuer bid.
- (2) The Exchange may from time to time require additional designations for certain orders.

Amended (August 14, 2009)

Rule 4-404 Minimum Ticks

Until otherwise fixed by the Board, orders for securities shall only be entered on the Exchange at the following price increments:

	Increment
Selling under \$0.50	\$0.005
Selling at \$0.50 and over	\$0.010

Amended (February 24, 2012)

Rule 4-405 Approved Traders (Sub (4) Deleted)

- (1) Except as permitted by the Exchange, no person shall enter orders or trade securities for or on behalf of a Participating Organization (whether as principal or agent) on the Exchange by any means unless that person has been approved for access to the equities market as an Approved Trader by the Exchange.
- (2) The Exchange may delegate the authority to approve persons to enter orders and trade securities on the Exchange to another self-regulatory organization designated by the Board.
- (3) No person shall be approved as an Approved Trader unless that person is a partner in or a director of a Participating Organization or an employee of a Participating Organization, is over the age of majority and meets such qualifications as to experience, formal education and knowledge of trading rules as may be established by the Exchange.
- (4) **Deleted**

- (5) A Participating Organization shall notify the Exchange in writing of the names of its Approved Traders and substitutions or deletions to the list shall not be made without first advising the Exchange.

Amended (February 24, 2012)

Policy 4-405 Approved Traders

- (1) For the purposes of Rule 4-405(3), an individual shall not be approved by the Exchange as an Approved Trader unless such individual:
- (a) has an education equivalent to at least grade 12 in Ontario or has experience in the investment industry satisfactory to the Exchange;
 - (b) is a registered representative or holds such other registration with a securities regulatory authority or recognized self-regulatory organization as is acceptable to the Exchange;
 - (c) has not less than 14 weeks prior experience with the equities trading department of a Participating Organization;
 - (d) has:
 - (i) successfully completed the Canadian Securities Course and has not less than one year's experience with a Participating Organization, or
 - (ii) has not less than two years experience with a Participating Organization; and
 - (e) has successfully completed:
 - (i) the Trader Training Course of the Canadian Securities Institute or such other course as approved by the Exchange for the purpose of this Policy, or
 - (ii) prior to October 5, 1998, examinations set by the Exchange that demonstrate proficiency in trading rules of the Exchange.
- (2) If an individual does not have the experience required by Policy 4-405(1)(c) or (d), the Exchange may grant approval to the individual as an Approved Trader if the Exchange is satisfied that the individual will receive such individual supervision from the Participating Organization as may be appropriate given the experience of the individual.
- (3) For the purposes of Rule 4-405(3), the Exchange may refuse to grant approval to an individual as an Approved Trader if the Exchange is of the opinion that:
- (a) such individual will not comply with Exchange Requirements;
 - (b) such individual is not qualified by reason of integrity; or
 - (c) such approval is otherwise not in the public interest.
- (4) **Deleted**

Rule 4-406 Trades on a "When Issued" Basis

- (1) The Exchange may post any security to trade on a when issued basis if such security is conditionally approved for listing by a recognized exchange.
- (2) Unless otherwise specified, trades on a when issued basis are subject to all applicable Exchange Requirements relating to trading in a security, notwithstanding that the security is not listed.
- (3) All trades on a when issued basis shall be cancelled if the Exchange determines that the securities subject to such trades will not be issued.

Amended (February 24, 2012)

Rule 4-407 Advantage goes with Securities Sold

- (1) Except as provided in Rule 4-407(2), in all trades of securities on the Exchange, all entitlements to receive dividends or any other distribution made or right given to holders of that security shall pass with the security and shall belong to the purchaser, unless otherwise provided by the Exchange or the parties to the trade by mutual agreement.
- (2) In all sales of bonds and debentures on the Exchange, all accrued interest shall belong to the seller unless otherwise provided by the Exchange or parties to the trade by mutual agreement.
- (3) Claims for dividends, rights or any other benefits to be distributed to holders of record of these securities on a certain date shall be made in accordance with the procedures established by the Clearing Corporation.
- (4) If subscription rights attaching to securities are not claimed by the persons entitled to those rights at least twenty-four hours before the expiration of the time within which trading in respect of such rights may take place on the Exchange, a Participating Organization holding such rights may, in its discretion, sell or exercise all or any part of such rights, and shall account for such sale or exercise to the person or persons entitled to such rights, but in no case shall a Participating Organization be liable for any loss arising through failure to sell or exercise any unclaimed rights.

Amended (February 24, 2012)

Rule 4-408 Foreign Currency Trading

- (1) A report of a cross trade agreed to in a foreign currency shall be converted to Canadian dollars using the mid-market spot rate or 7-day forward exchange rate in effect at the time of the trade, plus or minus 15 basis points.
- (2) If the converted price falls between two ticks, trades shall be done at each of the ticks immediately above and below the converted price for the number of shares, which yields the appropriate average price per share.
- (3) The Participating Organization making the cross shall keep a record of the exchange rate used.

DIVISION 5 - TRADING CLIENT ORDERS

Rule 4-501 In-House Client Priority (Repealed)

Repealed (April 1, 2002)

Rule 4-502 Client-Principal Trading (Repealed)

Repealed (April 1, 2002)

Rule 4-503 Prohibition of Trading Against Client's Account

No Participating Organization shall directly or indirectly make a practice of taking the side of the market opposite to the side taken by their clients.

DIVISION 6 - MARKET MAKERS (AMENDED)

Rule 4-601 Qualifications

- (1) No Participating Organization shall be approved as a Market Maker Firm unless the Participating Organization:
 - (a) has demonstrated market making experience that is acceptable to the Exchange;
 - (b) has provided sufficient trading desk and operations area support staff; and
 - (c) has installed sufficient technological tools acceptable to the Exchange that will permit it to properly carry out its market making responsibilities.

- (2) A Participating Organization may apply to be a Market Maker Firm and, if approved by the Exchange, must execute a Market Maker Agreement.
- (3) If an application for approval as a Market Maker Firm is refused, no further application for the Participating Organization shall be considered within a period of 90 days after the date of refusal.
- (4) Responsible Designated Trader
A Market Maker Firm is required to appoint a Responsible Designated Trader for each security of responsibility.
- (5) Designated Market Maker Contact
A Market Maker Firm is required to designate an individual within the firm to manage the firm's market making responsibilities and to be the primary contact with the Exchange with respect to the firm's market making assignments.

Amended (November 27, 2017)

Rule 4-602 Assignment of Securities

- (1) The Exchange shall assign securities of responsibility to a Market Maker, and shall remove securities of responsibility from a Market Maker, in accordance with the Market Maker Agreement.
- (2) The Exchange retains the discretion to remove market making assignments, including, but not limited to, circumstances where
 - (a) a Market Maker has been found to be non-compliant with any Exchange Requirement or the Market Maker Agreement; or
 - (b) the Market Maker undergoes a change in control.

Amended (November 27, 2017)

Rule 4-603 Responsibilities of Market Makers

- (1) General Principles
The primary responsibilities of a Market Maker are to maintain a fair and orderly market in its securities of responsibility and generally to make a positive contribution to the functioning of the market. Each Market Maker must ensure that trading for the Market Maker's own account is reasonable under the circumstances, is consistent with just and equitable principles of trading, and is not detrimental to the integrity of the Exchange or the market.
- (2) A Market Maker shall trade on behalf of its own account to a reasonable degree under existing circumstances, particularly when there is a lack of price continuity and lack of depth in the market or a temporary disparity between supply and demand. In each of its securities of responsibility, a Market Maker shall, in accordance with this Rule and the Market Maker Agreement:
 - (a) contribute to market liquidity and depth, and moderate price volatility;
 - (b) maintain a two-sided market within the spread goal for the security;
 - (c) maintain a market for the security on the Exchange that is competitive with the market for the security on the other marketplaces on which it trades;
 - (d) perform its duties in a manner that serves to uphold the integrity and reputation of the Exchange;
 - (e) guarantee fills at the CBBO:
 - (i) for incoming tradeable odd lots and the odd lot portion of mixed lots, and
 - (ii) for booked odd lots which become tradeable due to a change in the CBBO;

- (f) comply with the Exchange's Minimum Guaranteed Fill requirements, which include maintaining the size of the Minimum Guaranteed Fill and guaranteeing an automatic and immediate "one price" execution of disclosed MGF-eligible orders;
 - (g) be responsible for managing the opening of its securities of responsibility in accordance with Exchange Requirements and, if necessary, for opening those securities or, if appropriate, requesting that a Market Surveillance Official delay the opening;
 - (h) assist Participating Organizations in executing orders; and
 - (i) assist the Exchange by providing information regarding recent trading activity and interest in its securities of responsibility.
- (3) Gatekeeper Role - Assistance to Market Surveillance Officials
- A Market Maker shall report forthwith any unusual situation, rumour, activity, price change or transaction in any of its securities of responsibility to a Market Surveillance Official.
- (4) Availability and Coverage
- Each Market Maker must ensure that its securities of responsibility are continuously monitored during the trading day. In this regard, a Market Maker must have adequate back-up procedures and coverage by qualified individuals in cases of any absences due to illness, vacation or other reasons.

Amended (November 27, 2017)

Rule 4-604 Assessment of Market Maker Performance

- (1) Review of Performance
- The Exchange shall periodically assess a Market Maker's performance and determine whether the Market Maker is adhering to Exchange Requirements and its obligations under the Market Maker Agreement. The specific timing and criteria for reviewing the performance of a Market Maker shall be set out in the Market Maker Agreement.
- The Exchange shall consider the following conduct to be unsatisfactory:
- (a) failure to meet the responsibilities set out in Rule 4-603 or the obligations in the Market Maker Agreement;
 - (b) failure to act in a manner that is consistent with the general intent of any of the Exchange Requirements relating to Market Makers; or
 - (c) engaging in any conduct that is unbecoming of a Market Maker, that is inconsistent with just and equitable principles of trade, or that is detrimental to the Exchange or the public.
- (2) Penalties for Non-Compliance
- Following a determination that a Market Maker has failed to satisfactorily perform its market making obligations, the Exchange may determine that:
- (a) a Market Maker's approval be suspended or revoked;
 - (b) a Market Maker's responsibility for one or more securities be removed; and
 - (c) an investigation into a Market Maker's trading or activities be carried out.

Amended (November 27, 2017)

Rule 4-605 Market Makers Leaving Securities of Responsibility

- (1) A Market Maker intending to relinquish one or more securities of responsibility shall provide the Exchange with prior notice, by such time and in such form as may be required by the Market Maker Agreement, unless such notice period or part thereof is waived by the Exchange.

Amended (November 27, 2017)

DIVISION 7 - OPENING

Rule 4-701 Execution of Trades at the Opening

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

Amended (February 24, 2012)

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

- (a) market orders and better-priced limit orders; and

- (b) MBF orders.

- (c) **Repealed (October 15, 2012)**

- (d) **Repealed (October 15, 2012)**

Amended (October 15, 2012)

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

- (a) **Repealed (August 7, 2001)**

- (b) limit orders at the opening price.

- (c) **Repealed (October 15, 2012)**

Amended (October 15, 2012)

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

- (a) trades shall be allocated to orders guaranteed a fill pursuant to Rule 4-701(2) then;

- (b) all possible crosses shall be executed; then

- (c) **Repealed (August 7, 2001)**

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

- (5) **Repealed (August 7, 2001)**

- (6) **Repealed (August 7, 2001)**

- (7) Orders at the opening price that are not completely filled at the opening shall remain in the Book, at the opening price, subject to any conditions imposed on the order that would result in the cancellation of any portion of the order that was not filled at the calculated opening price.

Amended (October 23, 2017)

Rule 4-702 Delayed Openings

- (1) A security shall not open for trading if, at the opening time:

- (a) orders that are guaranteed to be filled pursuant to Rule 4-701 cannot be completely filled by offsetting orders; or

- (b) the COP exceeds price volatility parameters set by the Exchange.

- (2) A Market Maker or Market Surveillance Official may delay the opening of a security for trading on the Exchange if:

- (a) the COP differs from the previous closing price for the security or from the anticipated opening price on any other recognized stock exchange where the security is listed by an amount greater than the greater of 5% of the previous closing price for the security and \$0.05;

- (b) the opening of another recognized exchange where the security is listed for trading has been delayed; or
 - (c) the COP is less than the permitted difference from the previous closing price for the security, but is otherwise unreasonable.
- (3) **Repeal proposed August 9, 2002 (pending regulatory approval)**
- (4) If the opening of the security is delayed, the Market Maker or Market Surveillance Official, as the case may be, shall open the security for trading according to Exchange Requirements.
- Amended (November 27, 2017)**

DIVISION 8 - POST OPENING

Rule 4-801 "Establishing Priority"

- (1) A Long Life order at a particular price shall be executed prior to an order that is not a Long Life order at that price ("long-life priority"), except in the case of an Undisclosed Order, in which case no long-life priority is provided.

Added (November 16, 2015)

- (2) Subject to Rule 4-801(1), a disclosed order shall be executed prior to an Undisclosed Order or any undisclosed portion of an order at the same price; and an undisclosed portion of an order shall be executed prior to an Undisclosed Order at the same price.

Amended (January 13, 2012, November 16, 2015 and October 23, 2017)

- (3) Subject to Rule 4-801(1), Rule 4-801(2), and Rule 4-802, an order at a particular price shall be executed prior to any orders at that price entered subsequently, and after all orders entered previously ("time priority"), except as may be provided otherwise.
- (4) An order shall lose time priority if its disclosed volume is increased and shall rank behind all other disclosed orders at that price.

Amended (March 1, 2011 and November 16, 2015)

Rule 4-802 Allocation of Trades

- (1) Subject to Rule 4-801(1) and Rule 4-801(2), an order that is entered for execution on the Exchange may execute without interference from any order in the Book if the order is:
- (a) part of an internal cross;
 - (b) an unattributed order that is part of an intentional cross;
 - (c) part of an intentional cross entered by a Participating Organization in order to fill a client's Special Trading Session order;
 - (d) part of an exempt related security cross, provided that the order is exempt from interference only to the extent that there are no offsetting orders entered in the Book, at least one of which is an order entered by the same Participating Organization, which can fill both the client's order for the particular security, in whole or in part, and an equivalent volume of the client's order for the related security. Orders in the Book will only be considered to be offsetting orders if the related security spread on execution of the clients' orders against orders in the Book is equal to or more beneficial than the related security spread offered by the Participating Organization for the contingent cross arrangement;
 - (e) entered as part of a Specialty Price Cross; or
 - (f) part of a Designated Trade.

Amended (January 13, 2012 and November 16, 2015)

- (2) Subject to subsection (1), an intentional cross executed on the Exchange will be subject to interference from orders in the Book from the same Participating Organization according to time priority, provided that such orders in the Book are attributed orders.
- (3) Subject to Rule 4-801(1), Rule 4-801(2), and any conditions imposed on either the tradeable order or the offsetting order that would otherwise prevent the two orders from executing against each other, a tradeable order that is entered in the Book and is not a Bypass Order shall be executed on allocation in the following sequence:
- (a) to offsetting orders entered in the Book by the Participating Organization that entered the tradeable order according to the time of entry of the offsetting order in the Book, provided that neither the tradeable order nor the offsetting order is an unattributed order; then
 - (b) to offsetting orders in the Book according to the time of entry of the offsetting order in the Book; then
 - (c) to a Market Maker if the tradeable order is disclosed and is eligible for a Minimum Guaranteed Fill.

Amended (November 27, 2017)

- (4) A tradeable order that is entered in the Book and is a Bypass Order shall execute against the disclosed portion of offsetting orders in the Book according to the price/time priority established in Rule 4-801.

Amended (January 13, 2012, November 16, 2015 and October 23, 2017)

Policy 4-802 Allocation of Trades

- (1) MGF Facility

The MGF facility provides an automatic and immediate “one price” execution of Participating Organizations' MGF-eligible disclosed market orders and MGF-eligible disclosed tradeable limit orders, of up to the size of the MGF in the security at the current displayed market price. For purposes of the MGF Facility, an MGF-eligible order means any client order that does not satisfy the definition under Policy 4-802(1)(a)(iii) — MGF Ineligible Orders..

- (a) Obligations

- (i) Market Makers shall buy or sell the balance of an incoming MGF-eligible disclosed order at the current displayed market price when there are not sufficient committed orders to fill the incoming order at that price. Market Makers shall also purchase or sell to any imbalance of MGF-eligible disclosed orders on the opening that cannot be filled by orders in the Book.
- (ii) MGF-eligible disclosed orders must be sent to the Exchange using an MGF-Eligible Trader ID.
- (iii) MGF Ineligible Orders are defined as orders that meet any or all of the conditions specified below:
 - 1. If a client buy (sell) order sent to the Exchange is part of a larger buy (sell) order of that client, the order sent to the Exchange is MGF Ineligible, unless.
 - a. the larger buy (sell) order is equal to or less than the MGF-Eligible Order Size; and
 - b. the client buy (sell) order is sent to execute on the Exchange at the same time as the remainder of the larger buy (sell) order is sent to execute on other marketplaces.
 - 2. Any order entered by a Direct Market Access (DMA) client, whether an individual, or broker, is MGF Ineligible (unless the DMA client is a broker acting as an “agent” for retail client order flow).

3. Any client order generated by a computer algorithm is MGF Ineligible.
4. Generally any order from a customer who is involved in trading the markets directly on an active and continuous daily basis is MGF Ineligible.
5. Any order on behalf of a U.S. broker-dealer (“U.S. dealer”). This restriction does not include orders on behalf of a client of a U.S. dealer. See Policy 4-802(3) below.

- (iv) If an MGF Ineligible Order is sent to the Exchange using an MGF-Eligible Trader ID, the order must be marked as MGF-NO.

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

(b) Size of MGF

The size of the MGF on an assigned security shall be the sum of all Market Makers’ individual MGF contributions for that security as published by the Exchange.

(2) Market Maker Participation

At the option of a Market Maker, a Market Maker may participate in any disclosed immediately tradeable orders from both MGF Eligible Trader IDs and non-MGF Eligible Trader IDs (including non-client and MGF Ineligible Orders) that are equal to or less than the size of the MGF for the security. A Market Maker may participate up to a percentage, specified by the Exchange, of the eligible order at the bid price, the ask price, or both. While a Market Maker is participating, all disclosed client orders that are equal to or less in size than the MGF for the security, including those marked “MGF-NO” and sent from an MGF-Eligible Trader ID, shall be guaranteed a fill in the MGF facility. If a Market Maker is not participating, only disclosed MGF-eligible orders sent from MGF-Eligible Trader IDs shall be guaranteed a fill in accordance with the MGF eligibility criteria described in this Policy.

(3) Use of MGF by US Dealers

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

(4) Oddlot Facility

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

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

Amended (February 24, 2012, November 16, 2015 and November 27, 2017)

Rule 4-803 Repealed (August 7, 2001)

Repealed (August 7, 2001)

Rule 4-804 Market Maker and Principal Account Orders (Repealed)

Repealed (January 19, 2009)

DIVISION 9 - SPECIAL TRADING SESSION

Rule 4-901 General Provisions (Amended)

- (1) All securities shall be eligible for trading during the Special Trading Session, provided that a MOC Security shall not be eligible for trading until the completion of the Closing Call in respect of that MOC Security.
- (2) Except as otherwise provided, all transactions in the Special Trading Session shall be at the Last Sale Price for each security.
- (3) Except as otherwise provided, the normal rules of priority and allocation, as applicable, and all other Exchange Requirements shall apply to the Special Trading Session.

Amended (February 24, 2012 and November 16, 2015)

Rule 4-902 Market-On-Close

- (1) Eligible Securities
MOC Orders may only be entered for MOC Securities.
- (2) MOC Order Entry
 - (a) MOC Market Orders and MOC Limit Orders may be entered, cancelled and modified in the MOC Book on each Trading Day from 7:00 a.m. until the time the first MOC Imbalance is broadcast. MOC Market Orders and MOC Limit Orders that are included in any MOC Imbalance broadcast may not be cancelled or modified after that MOC Imbalance is broadcast.
 - (b) The MOC Imbalance is calculated and broadcast on each Trading Day at twenty minutes before the closing time and again in the event of a delay of the Closing Call as specified by the Exchange.
 - (c) **Repealed (April 19, 2010)**
 - (d) Following the broadcast of a MOC Imbalance, MOC Limit Orders may be entered in the MOC Book on the contra side of the MOC Imbalance. MOC Limit Orders not included as part of that MOC Imbalance broadcast may be cancelled subject to established time constraints as specified by the Exchange.
 - (e) In the event of a delay of the Closing Call for a MOC Security, MOC Limit Orders may be entered in the MOC Book for such security on the contra side of the subsequent MOC Imbalance for a set period of time specified by the Exchange. Pursuant to paragraph (d), MOC Limit Orders entered during the delay may be cancelled during this time period.
- (3) Closing Call
 - (a) The Closing Call shall occur on each Trading Day at the closing time. The Closing Call in a MOC Security shall be delayed for a period of ten minutes in the event that the price that would be the calculated closing price for the MOC Security exceeds the volatility parameters determined by the Exchange. The Exchange will forthwith broadcast a message identifying the MOC Security that is subject to the delay.

- (b) In the event that the price that would be the calculated closing price for a MOC Security exceeds the closing price acceptance parameters determined by the Exchange at the end of the delay period set out in Rule 4-902(3)(a), the calculated closing price for the MOC Security will be the price at which most shares will trade, leaving the least imbalance, where the price does not exceed the closing price acceptance parameters determined by the Exchange for such security.
 - (c) Orders shall execute in the Closing Call in the following sequence:
 - (i) MOC Market Orders shall trade with offsetting MOC Market Orders entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then
 - (ii) MOC Market Orders shall trade with offsetting MOC Market Orders, according to time priority; then
 - (iii) MOC Market Orders shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then
 - (iv) MOC Market Orders shall trade with offsetting limit orders in the Closing Call, according to time priority; then
 - (v) limit orders in the Closing Call shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then
 - (vi) remaining orders in the Closing Call shall trade according to time priority.
 - (d) An order for a MOC Security shall not execute if, at the close:
 - (i) an automatic closing delay has been initiated in the MOC Security because the calculated closing price exceeds the volatility parameters determined by the Exchange; or
 - (ii) the participation of the MOC Security has been otherwise delayed by a Market Surveillance Official.
- (4) Unfilled Orders
- (a) Except as otherwise provided in this Rule, all MOC Orders that are not completely filled in the Closing Call shall expire at the end of the Closing Call and will be removed from the Book and the MOC Book.
 - (b) In the event that the closing price acceptance parameters are exceeded for a MOC security, MOC Market Orders shall trade with offsetting MOC Orders and any limit orders at the price at which most shares will trade, leaving the least imbalance, where the price does not exceed the closing price acceptance parameters determined by the Exchange for such security. All remaining MOC Orders will be removed from the Book and the MOC Book.
 - (c) All other orders, that are not marked as MOC, that are not completely filled in the Closing Call shall be eligible for trading in the Special Trading Session.
- (5) Application of Exchange Requirements
- Except as otherwise provided in this Rule, all Exchange Requirements shall apply to the entry and execution of MOC Orders.

Amended (January 12, 2015 and November 21, 2016)

DIVISION 10 - PROGRAM TRADING

Rule 4-1001 Short Sale Exemption

A program trade is exempt from Rule 4-301 providing the short position is entered into within 30 minutes of the establishment of the corresponding long position and the sale is a reasonable hedge of the long position.

Policy 4-1001 Short Sale Exemption

(1) Definition of Program Trading for Short Sale Exemption

For purposes of Rule 4-1001, a program trade is:

- (a) a simultaneous trade in securities comprising at least 80 percent of the component share weighting of an Index that offsets a pre-existing position in:
 - (i) a future, the underlying interest of which is the Index,
 - (ii) an option, the underlying interest of which is the index, or
 - (iii) an option, the underlying interest of which is the Index Participation Unit in respect of the Index;
- (b) a trade in Index Participation Units that offsets a pre-existing position in:
 - (i) a future, the underlying interest of which is the Index in respect of the Index Participation Unit,
 - (ii) an option, the underlying interest of which is the Index in respect of the Index Participation Unit, or
 - (iii) securities comprising at least 80 percent of the component share weighting of the Index Participation Unit; or
- (c) a trade in units of a trust which is a mutual fund trust for the purposes of the *Income Tax Act* (Canada) where substantially all of the assets of the fund are the same as the underlying interest of an option or future listed on an exchange that offsets a pre-existing position in:
 - (i) the applicable future,
 - (ii) the applicable option, or
 - (iii) securities comprising at least 80 percent of the component share weighting of the portfolio of the mutual fund.

(2) Acceptable Hedge Ratios

The Participating organization making the trade shall make a reasonable determination of the equivalent spot, future, option, stock, IPU or mutual fund unit positions. The Exchange will apply the following guidelines in considering whether a determination is reasonable.

1. **Units Against Baskets** - The number of IPUs or mutual funds that can be shorted against the assumption of a long position in the underlying securities must be in accordance with the prescribed number of units per basket as reported by the Exchange, which number may change from time to time. As the prescribed number of units may not be an integral multiple of a board lot, the number of units may be rounded up to the nearest integral multiple of a board lot.
2. **Baskets Against Units** - The basket of securities that can be shorted against the assumption of a long position in the applicable IPU must be in accordance with the prescribed number of units per basket as reported by the Exchange, which number may change from time to time.
3. **Units Against Futures** - The IPU equivalent to a futures contract must be in accordance with the prescribed number of units per basket as reported by the Exchange, which number may change from time to time.
4. **Units Against Options** - Each long 50 call and short 50 put position (synthetic future) with the same strike and expiry has an equivalent position offset of short the prescribed number of units to a basket.

5. **Baskets Against Options** - One short basket has an equivalent options offset of long 50 calls and short 50 puts of the same strike and expiry. For other option positions, approximate deltas should be used. As a guide, at-the-money options would have an approximate delta value of 0.50. In-the-money options should have deltas greater than 0.50, and out-of-the-money options should be less than 0.50.
6. **Baskets Against Futures** - One short basket has an equivalent futures offset of 25 long futures contracts if the underlying interest of which is the S&P/TSE 60 Index and such other number of futures contracts as is acceptable to the Exchange if the underlying interest is other than the S&P/TSE 60 Index.

Amended (February 24, 2012)

Rule 4-1002 Record Keeping

Each Participating Organization that makes a trade which qualifies as a program trade for the purposes of this Rule must keep a record of the offsetting position held at the time of the program trade.

Rule 4-1003 Offsetting Orders on Expiry

Orders in securities that offset an expiring Index derivatives position, or that substitute an equities position for an expiring Index derivatives position, shall be entered as prescribed by the Exchange.

Amended (February 24, 2012)

Policy 4-1003 Offsetting Orders on Expiry

- (1) Definition of Program Trading for Must-Be-Filled Orders

For purposes of Rule 4-1003, a program trade is a simultaneous trade undertaken on the expiry date of an option or future in securities comprising at least 70 percent of the component share weighting of an Index where such trade offsets a per-existing position in a future or an option the underlying interest of which is the Index.

- (2) Must-Be-Filled Order Reporting Requirements

The following requirements apply to Must-Be-Filled Orders:

- (a) *Entry of Orders* - A Must-Be-Filled Order shall be entered on the day prior to the expiry date (normally a Thursday) during the Special Trading Session or at such other times as may be required or permitted by the Exchange (the "reporting time"). An order for a program trade may be entered at a time other than the reporting time only with the consent of the Exchange.

A Must-Be-Filled Order may be cancelled prior to the end of the reporting time through normal cancellation and correction procedures. After the end of the reporting time, each Must-Be-Filled Order is committed and may be withdrawn from the trading system only with the consent of the Exchange.

The Exchange may release a ticker notice regarding material imbalances in orders for a particular security after the end of the reporting time.

Amended (February 24, 2012)

- (b) *Prearranged Trades* - A Participating Organization with both sides of a program trade arranged may enter the orders at a time other than during the reporting time. The trading system will seek out such orders and will cross them automatically where possible.
- (c) *Automatic matching* - The trading system will automatically match all program trades, market orders and better-priced limit orders where possible. Any imbalance after matching of these orders will be included in the regular opening following the normal allocation rules and receive the calculated opening price. Market orders and better-priced limit orders will be filled first against an imbalance of large program trades.

DIVISION 11 - SPECIAL TERMS

Rule 4-1101 Special Terms Trades

- (1) Special terms orders have no standing in the regular market and may be traded through. Special terms trades, other than trades for a non-standard settlement date, shall not be executed unless all orders in the regular market at a better price have been filled in full or the persons entering the orders have been given an opportunity to participate in the trade and have declined.

Rule 4-1102 IPU Switch Transactions

- (1) For the purpose of this Rule, an “IPU Switch Transaction” is a simultaneous sale of an Index Participation Unit and purchase of the equivalent number of underlying securities or a simultaneous purchase of an Index Participation Unit and sale of the equivalent number of underlying securities.
- (2) IPU Switch Transactions involving two Participating Organizations may be done at the bid or offer without displacement to orders in the Book provided that:
 - (a) the Participating Organizations have finalized the terms to the IPU Switch Transaction, including the price;
 - (b) the Participating Organizations making the IPU Switch Transaction notify the Market Surveillance Section at the time the transaction is agreed to (the “reporting time”);
 - (c) the trades in each security are executed as special terms trades at prices that are at or between the bid and ask as at the reporting time; and
 - (d) the Participating Organizations may not use a quotation from after the reporting time to validate an execution that is outside the bid and ask as at the reporting time.

Rule 4-1103 Exchange for Physicals and Contingent Option Trades

Orders which are conditional upon a simultaneous trade in a derivative on another exchange shall be special terms trades and shall be traded in accordance with the prescribed procedures and conditions.

Policy 4-1103 Exchange for Physicals and Contingent Option Trades

- (1) Application

This Policy applies to each person who has been granted trading access to the Exchange and who seeks to enter an order on the Exchange for a security which is contingent upon the execution of one or more trades in an option on the Montreal Exchange or who seeks to exchange an index futures contract that is traded on the Exchange for the equivalent number of securities underlying the futures contract (including an equivalent number of index participation units) on a contingent basis.

- (2) Procedure for Contingent Option Trade

If a person to whom this Policy applies seeks to enter an order on the Exchange for a security which is contingent upon the execution of one or more trades in an options market, the following rules shall apply:

- (a) the trade in the security and the offsetting option trades must be for the same account;
- (b) the option portion of the trade must be approved by a floor governor or other exchange official of the stock exchange on which the option is listed and such approval shall be evidenced by the initials of the governor or official on the options trade ticket;
- (c) the options trade ticket shall be time stamped;
- (d) the person shall telephone Trading and Client Services of the Exchange at (416) 947-4440 and provide the details of the contingent trade including the name of the person with trading access to the Exchange with whom the contingent trade has been made;
- (e) the trade in the security must be within the existing market for the security on the Exchange at the time of the telephone call to Trading and Client Services;

- (f) a copy of the options trade ticket as initialled by a floor governor or exchange official and time stamped shall be provided by facsimile transmission to Trading and Client Services at (416) 947-4280 within ten minutes following the time stamp on the ticket; and
- (g) provided the trade has been made and reported in accordance with the above rules, the Exchange shall manually execute the trade in the security as a special terms trade with the marker "MS" effective as of the time stamped on the option trade ticket.

(3) Procedure for Exchange for Physicals

If a person to whom this Policy applies seeks to exchange a futures contract for the equivalent number of securities underlying the futures contract (including an equivalent number of units of the applicable Index Participation Fund or mutual fund), the following provisions shall apply:

- (a) the trade in the security and the trade in the futures contract must be for the same account;
- (b) the equities component may be made as a cross or as a trade between persons with trading access on the Exchange;
- (c) the futures portion of the trade must be approved by a floor governor or other exchange official of the stock exchange on which the future is listed and such approval shall be evidenced by the initials of the governor or official on the futures trade ticket;
- (d) the futures trade ticket shall be time stamped;
- (e) the person shall telephone Trading and Client Services of the Exchange at (416) 947-4440 and provide the details of the exchange including the name of the person with trading access to the Exchange with whom the exchange has been made;
- (f) the trade in the listed securities made during the Regular Session will be at the bid price of the listed securities on the Exchange at the time of the telephone call to Trading and Client Services and the trade in securities made after the end of the Regular Session will be at the last sale price of the securities on the Exchange provided that where the last sale price is outside of the closing quotes for any security the price for that security shall be the bid or offer which is closest to the last sale price;
- (g) a copy of the futures trade ticket as initialled by a floor governor or exchange official and time stamped shall be provided by facsimile transmission to Trading and Client Services at (416) 947-4280 within ten minutes following the time stamp on the ticket; and

provided the trade has been made and reported in accordance with the above rules, the Exchange shall manually execute the trade in the securities as a special terms trade with the marker "MS" effective as of the time stamped on the futures trade ticket.

Amended (February 24, 2012)

DIVISION 12 - TRADING OF SECURITIES NOT LISTED BY THE EXCHANGE

Rule 4-1201 4-1201 Requirements

- (1) The Exchange, in its discretion, may post for trading securities that are listed by another exchange recognized in a jurisdiction in Canada.
- (2) The Exchange may remove a posted security from trading at any time without prior notice.
- (3) The Exchange will halt the trading of a posted security if:
 - (a) the security is subject to a regulatory halt; or
 - (b) the security is no longer listed by a recognized exchange or is suspended from trading by the recognized exchange.

Added (February 24, 2012)

PART 5 - CLEARING AND SETTLEMENT OF TRADES IN SECURITIES

DIVISION 1 - GENERAL SETTLEMENT RULES

Rule 5-101 Definitions

In this Part:

“**Buy-In Notice**” means the written notice in the form required by the Exchange to be delivered by a Participating Organization which has failed to receive securities to which it is entitled from another Participating Organization.

“**delivery**” or “**delivered**” means the transfer of securities through physical transfer of certificates evidencing the security, or by transfer of a book-based position in accordance with the rules of the Clearing Corporation.

“**delivering Participating Organization**” means a Participating Organization obligated to make settlement by delivering securities against payment.

“**depository eligible transaction**” means a transaction in securities for which affirmation and settlement can be performed through the facilities of a securities depository by book entry settlement or certificate based settlement.

“**first settlement cycle**” means the settlement cycle through the Clearing Corporation for securities as prescribed in the written procedures of the Clearing Corporation.

Amended (February 24, 2012)

Rule 5-102 Clearing and Settlement

- (1) All Exchange trades in securities shall be reported, confirmed and settled through the Clearing Corporation pursuant to the Clearing Corporation's rules and procedures, unless otherwise authorized or directed by the Exchange, or unless the rules of the Clearing Corporation do not permit settlement of that trade through its facilities.
- (2) Exchange trades that are not confirmed and settled through the Clearing Corporation shall be governed by the Rules in Division 2 in addition to the Rules in this Division.

Amended (February 24, 2012)

Rule 5-103 Settlement of Exchange Trades

- (1) Exchange trades in securities shall settle on the second Settlement Day after the trade date, unless otherwise provided by the Exchange or the parties to the trade by mutual agreement.
- (2) Notwithstanding Rule 5-103(1), unless otherwise provided by the Exchange or the parties to the trade by mutual agreement:
 - (a) trades on a when issued basis made:
 - (i) prior to the first Trading Day before the anticipated date of issue of the security shall be settled on the anticipated date of issue of such security, and
 - (ii) on or after the first Trading Day before the anticipated date of issue of the security shall settle on the second settlement day after the trade date, provided if the security has not been issued on the date for settlement such trades shall be settled on the date that the security is actually issued;
 - (b) trades for rights, warrants and installment receipts made:
 - (i) on the second and first Trading Day before the expiry or payment date, shall be cash trades for next day settlement, and

- (ii) on expiry or payment date shall be cash trades for immediate settlement and trading shall cease at 12:00 Noon (unless the expiry or payment time is set prior to the close of business in which case trading shall cease at the close of business on the first Trading Day preceding the expiry or payment), provided selling Participating Organizations must have the securities that are being sold in their possession or credited to the selling account's position prior to such sale;
 - (c) cash trades in securities for next day delivery shall be settled through the facilities of the Clearing Corporation on the first settlement cycle following the date of the trade or, if applicable, over-the-counter, by noon of the first settlement day following the trade; and
 - (d) cash trades in securities that have been designated by the Exchange for same day settlement shall be settled by over-the-counter delivery no later than 2:00 p.m. on the trade day.
- (3) Notwithstanding Rule 5-103(1), an Exchange Contract may specify delayed delivery which shall provide the seller with the option to deliver at any time within the period specified in the contract, and, if no time is specified, delivery shall take place at the option of the seller within thirty days from the date of the trade unless the parties by mutual agreement specify a delivery date more than thirty days from the date of the trade.

Amended (September 5, 2017)

Rule 5-104 Action by the Exchange

The Exchange may take such action as the Exchange considers appropriate, if in the opinion of the Exchange, settlement of a trade appears to be unreasonably or improperly delayed.

Rule 5-105 Uniform Settlement Rule

- (1) A Participating Organization shall provide to a client, by electronic, facsimile, physical or verbal means, a confirmation of all the information required in a written confirmation made pursuant to Rule 2-405, as soon as possible on the next Business Day following execution, with respect to 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.
- (2) No Participating Organization shall accept an order from a client 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 unless:
 - (a) the Participating Organization receives from the client prior to or at the time of accepting the order, the name and address of the settlement agent and the client's account number with the settlement agent;
 - (b) where settlement is to be made through a depository offering an identification number system for the clients of settlement agents of the depository, the Participating Organization shall have the client identification number prior to or at the time of accepting the order and shall use the number in the settlement of the trade;
 - (c) each order is identified either as a delivery or receipt against payment;
 - (d) the Participating Organization has obtained an agreement from the client that the client will provide instructions with respect to the receipt or delivery of the securities to the settlement agent promptly upon the receipt by the client of the confirmation referred to in Rule 5-105(1) and that the client will ensure that its settlement agent affirms the transaction no later than the next Trading Day after the date of execution of the trade to which the confirmation relates; and
 - (e) except in circumstances where the transaction is settled outside Canada or where the Participating Organization and the settlement agent are not participants in the same securities depository, the client or settlement agent utilize 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.

Rule 5-106 Disputes Regarding Trade Reports (Repealed)

Repealed (April 1, 2002)

Rule 5-107 Corners (Repealed)

Repealed (April 1, 2002)

Rule 5-108 When Security Delisted, Suspended or No Fair Market

- (1) The Exchange may postpone the time for delivery on Exchange Contracts if:
 - (a) the listed security is delisted;
 - (b) trading is suspended in the security; or
 - (c) the Exchange is of the opinion that there is not a fair market in the security.
- (2) If the Exchange is of the opinion that a fair market in the security is not likely to exist the Exchange may provide that the Exchange Contracts be settled by payment of a fair settlement price and if the parties to the Exchange Contract can not agree on the amount, the Exchange shall fix the fair settlement price after providing each party with an opportunity to be heard.

Amended (February 24, 2012)

DIVISION 2 - OVER-THE-COUNTER SETTLEMENT

Rule 5-201 Delivering Participating Organization Responsible for Good Delivery Form

- (1) Delivering Participating Organization Responsible for Form of Certificate

The delivering Participating Organization is responsible for the genuineness and complete regularity of the security, and a certificate that is not in proper negotiable form shall be replaced forthwith by one which is valid and in prior negotiable form, or by a certified lieu cheque, if a replacement certificate is not available.

- (2) Where Certificates Delivered Not Acceptable to Transfer Agents

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

Amended (February 24, 2012)

Rule 5-202 Good Delivery

The following certificates shall be deemed good delivery:

- (a) a properly endorsed certificate registered in the name of a Participating Organization or a member of any Canadian stock exchange or their nominees;
- (b) a certificate registered in the name of any other person and properly endorsed with the endorsement guaranteed by a Participating Organization or a member of any Canadian stock exchange; and
- (c) a certificate that has been the subject of alteration or erasure, provided that such alteration or erasure has been guaranteed by a Participating Organization or a member of any Canadian stock exchange.

Rule 5-203 Certificates Not Good Delivery

Delivery of any of the following certificates shall be deemed not to be good delivery:

- (a) a defaced or torn certificate;
- (b) a certificate registered in the name of a firm or company that has made an assignment for the benefit of creditors or has been declared bankrupt;
- (c) a certificate on which the form of power of attorney to transfer has been signed by:
 - (i) a trustee, or
 - (ii) an executor or administrator;
- (d) a certificate with document attached;
- (e) a certificate of a company maintaining share registers in Ontario and elsewhere that is registered only on a register located outside of Ontario and is therefore not transferable on the Ontario register except after transfer to the Ontario register;
- (f) a certificate indicating that subsequent transfer by the purchaser is restricted in any way, unless the entire class of listed securities traded on the Exchange is subject to the same restriction or unless the trade was made subject to that restriction; or
- (g) a certificate not acceptable as good transfer by the transfer agent.

Rule 5-204 Endorsement of Guarantees

An endorsement guarantee shall be a guarantee of the signature and of the legal capacity and authority of the signer.

DIVISION 3 - CLOSING OUT CONTRACTS

Rule 5-301 Buy-Ins

(1) Failed trade

In the event that a Participating Organization fails to:

- (a) carry out an Exchange Contract within the time provided in the Exchange Requirements; or
- (b) settle a loan of securities as provided in Rule 5-301(2); or
- (c) deliver securities as provided in Rule 5-301(3), such Participating Organization is in default of the Exchange Contract and the trade may be closed out, at the discretion of the Exchange, through the buy-in procedure set out in this Division.

(2) Security Loans

In the absence of any agreement to the contrary, a loan of securities between Participating Organizations may be called through service of notice in writing of termination of the loan to the borrowing Participating Organization and the borrowing Participating Organization shall return securities of the same class as those loaned in the specified quantity by the close of business on the second Settlement Day following the date of receipt of such notice.

(3) Other Failed Positions

In the absence of any agreement to the contrary, a Participating Organization shall deliver securities to another Participating Organization pursuant to an obligation to deliver that results from a reorganization of the issuer, an allocation of securities or any other obligation considered applicable by the Exchange.

(4) Costs

The Participating Organization in default shall be responsible for the costs incurred through failure to deliver, including any lost benefit or entitlement to the purchaser.

(5) Notice

A Buy-in Notice shall be delivered to the Exchange and to the Participating Organization in default before 12:00 noon on the day that the trade is to be closed out and any Notice not delivered by such time shall be considered to be effective at the opening of the next Trading Day.

(6) Cancellation of Buy-In

A buy-in may be cancelled by the Participating Organization that has issued the Buy-In Notice by delivering a notice of cancellation in writing to the Exchange before 3:00 p.m. on the day the buy-in is to be executed.

(7) Time and Terms

If Buy-In is not cancelled, the Exchange shall execute the buy-in at 3:00 p.m. on the effective day of the buy-in and for this purpose a portion of the buy-in may be executed.

(8) Role of Market Surveillance

In connection with a buy-in, a Market Surveillance Official may:

- (a) defer the buy-in if the Market Surveillance Official is of the opinion that a fair market in which to close out the trade does not exist;
- (b) allow such premium above the prevailing market price for the securities sought on the buy-in which, in the opinion of the Market Surveillance Official, is required to execute the buy-in and is consistent with a fair market for the securities sought, provided that such premium is within the buy-in price guidelines established by the Exchange; and
- (c) execute a buy-in at a premium that exceeds the buy-in price guidelines established by the Exchange, on a same day cash basis or on any other settlement basis as the Market Surveillance Official considers appropriate in the circumstances.

(9) Settlement

Unless otherwise required or agreed to by the Exchange, a buy-in shall be executed on a cash basis for next day delivery.

Amended (September 5, 2017)

Rule 5-302 Special Provisions for Buy-Ins from Securities Loans and Other Failed Positions

In connection with a buy-in that is the result of a default pursuant to Rules 5-301(2) or (3), the following rules shall apply in addition to the provisions of Rule 5-301:

1. If the Participating Organization in default wishes to dispute the claim, the Participating Organization shall file a dispute in writing with the Exchange before 1:00 p.m. on the day that the Notice is effective and if the dispute is not resolved by agreement between the Participating Organizations or the buy-in is disapproved by a Market Surveillance Official, the dispute shall be determined by arbitration in accordance with Rule 2-308.
2. Where the Participating Organization in default delivers the securities subject to the Buy-In Notice prior to execution of the buy-in, the Participating Organization in default shall notify the Exchange and the buy-in will be cancelled upon confirmation by the Exchange of the delivery of the listed securities.
3. The Participating Organization which has issued a Buy-In Notice may extend the buy-in by delivering a notice of extension in writing to the Exchange before 3:00 p.m. on the day the buy-in is to be executed.

4. Failure to settle a trade that is the result of a buy-in that is the result of a default in accordance with the terms of the buy-in, if not resolved by the Participating Organizations concerned, shall be resolved by cancellation of the buy-in contract and issuance of a further buy-in and, in such case, the Participating Organization selling to the original buy-in shall be liable for any loss or damage resulting from failure to deliver.
5. Following execution of a buy-in, the Participating Organization that issued the Buy-In Notice shall notify the Participating Organization in default in writing of the amount of the difference between the amount to be paid on the Exchange Contract closed out, and the amount paid on the buy-in, if any, and such difference shall be paid to the Participating Organization entitled to receive the same within 24 hours of receipt of such notice.
6. Where more than one buy-in has been arranged in connection with the same securities, the Market Surveillance Official may combine any number of the trades.

Amended (February 24, 2012)

Rule 5-303 Failed Trade in Rights, Warrants and Instalment Receipts

- (1) Notwithstanding Rule 5-301, should fail positions in rights, warrants or installment receipts exist on the expiry or payment date, purchasing Participating Organizations have the option of demanding delivery of the securities into which the rights, warrants or installment receipts are exercisable, any additional subscription privilege, and any subscription fee payable to a Participating Organization, that may be available, such demand shall be made before the closing time on the expiry date.

Amended (September 12, 2008)

- (2) Where a demand has been made in accordance with Rule 5-303(1), payment by purchasing Participating Organizations for:
 - (a) the rights, warrants or installment receipts shall be in accordance with normal settlement procedures, but delivery of the rights, warrants or installment receipts, as the case may be, is not required; and
 - (b) for the securities into which the rights, warrants or installment 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 Rule 5-303(1), settlement shall be in accordance with normal settlement procedures, but delivery of the rights, warrants or installment receipts, as the case may be, is not required.

Rule 5-304 Restrictions on Participating Organizations' Involvement in Buy-Ins

- (1) No Participating Organization shall knowingly permit any person on whose behalf a Buy-In Notice has been issued to fill all or any part of such order by selling the securities for the account of that person or an associated account and prior to selling to a buy-in, the Participating Organization, shall receive written or verbal confirmation that the order to sell is not being placed on behalf of the account of the person on whose behalf the Buy-In Notice was issued or an associated account.
- (2) A Participating Organization that issued a Buy-In Notice and the Participating Organization against whom a Buy-In Notice has been issued may supply all or a part of the securities provided that the principal supplying the securities is not:
 - (a) the Participating Organization;
 - (b) an Approved Person or employee of the Participating Organization; or
 - (c) an associate of any person described in Rules 5-304(2)(a) or (b).

- (3) If securities are supplied by the Participating Organization that issued the Buy-In Notice, delivery shall be made in accordance with the terms of the contract thus created, and the Participating Organization shall not, by consent or otherwise, fail to make such delivery.

Amended (February 24, 2012)

Rule 5-305 When Issue Delisted or Suspended

An Exchange Contract which has not settled for a security which has been delisted or suspended may be closed out in a transaction in the over-the-counter market with the consent of the Participating Organization in default provided that if the Participating Organization in default does not so consent, the Participating Organization that wishes to close out in the over-the-counter market may request the Exchange to make a Decision permitting such transaction.

Rule 5-306 Defaulters

- (1) If a Participating Organization against which an Exchange Contract is closed out under this Part fails to make payment of the money difference between the contract price and the buy-in price within the time specified or fails to conform to an award of arbitrators under Rule 2-308, the Participating Organization concerned shall become a defaulter, and notice of such default shall be provided by the Exchange to each Participating Organization.
- (2) If a Participating Organization makes default in, or fails to meet, or admits or discloses an inability to meet, its liabilities or engagements to the Exchange or to the Clearing Corporation or to another Participating Organization or to the public, the Participating Organization concerned may be adjudged a defaulter by the Exchange and notice of such default shall be provided by the Exchange to each Participating Organization.
- (3) A Participating Organization 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 by the Exchange.

Rule 5-307 Verified Statement of Outstanding Exchange Contracts

Where in connection with an audit of a Participating Organization, another Participating Organization has verified in writing a statement of outstanding Exchange Contracts with the Participating Organization, such verification shall be binding and any outstanding Exchange Contracts not disclosed on such statement shall be unenforceable between the Participating Organizations.

PART 6 - EXCHANGE ISSUER BID

DIVISION 1 - DEFINITIONS AND INTERPRETATION

Rule 6-101 Definitions

In this Part:

“**average daily trading volume**” or “**ADTV**” means the trading volume on the Exchange for the most recently completed six calendar months preceding the date of acceptance of the notice of normal course issuer bid by the Exchange, excluding any purchases made by the listed issuer through the facilities of the Exchange under its normal course issuer bid during such six months, divided by the number of trading days for the relevant six months. In the case of listed securities which have been listed on the Exchange for a period of less than six months, the ADTV for such securities shall be based on the period since the date of listing, but must be at least four weeks preceding the date of acceptance of the notice of normal course issuer bid by the Exchange;

“**block**” means a quantity of securities that either:

- (a) has a purchase price of \$200,000 or more; or
- (b) is at least 5,000 securities and has a purchase price of at least \$50,000; or
- (c) is at least 20 board lots of the security and total 150% or more of the ADTV for that security,

and are not owned, directly or indirectly, by an insider of the listed issuer.

“**broker**” means the Participating Organization designated by the listed issuer to make all purchases of listed securities for the purposes of the normal course issuer bid.

“**circular bid**” means a formal take-over bid or a formal issuer bid made in compliance with the requirements of Part XX of the *Securities Act*.

“**debt substantial issuer bid**” means an issuer bid, other than a normal course issuer bid, for debt securities that are not convertible into securities other than debt securities.

“**insider**” has the same definition found in section 601 of the Company Manual.

“**investment fund**” has the same definition found in National Instrument 51-102 Continuous Disclosure Obligations.

“**issuer bid**” means an offer, made through the facilities of the Exchange, to acquire listed securities made by or on behalf of a listed issuer for securities issued by that listed issuer, unless:

- (a) the securities are purchased or otherwise acquired in accordance with the terms and conditions attaching thereto that permit the purchase or acquisition of the securities by the issuer without the prior agreement of the owners of the securities, or where the securities are purchased to meet sinking fund or purchase fund requirements;
- (b) the purchase or other acquisition is required by the instrument creating or governing the class of securities or by the stature under which the issuer was incorporated, organized or continued; or
- (c) the securities carry with them or are accompanied by a right of the owner of the securities to require the issuer to repurchase the securities and the securities are acquired pursuant to the exercise of such right;

“**normal course issuer bid**” means an issuer bid by a listed issuer to acquire its listed securities where the purchases:

- (a) if the issuer is not an investment fund, do not, when aggregated with all other purchases by the listed issuer during the same trading day, aggregate more than the greater of: (i) 25% of the average daily trading volume of the listed securities of that class; and (ii) 1,000 securities;
- (b) if the issuer is an investment fund, do not, when aggregated with the total of all other purchases by the listed issuer during the preceding 30 days, aggregate more than 2% of the listed securities of that class outstanding on the date of acceptance of the notice of normal course issuer bid by the Exchange; and

- (c) over a 12-month period, commencing on the date specified in the notice of the normal course issuer bid, do not exceed the greater of
 - (i) 10% of the public float on the date of acceptance of the notice of normal course issuer bid by the Exchange; or
 - (ii) 5% of such class of securities issued and outstanding on the date of acceptance of the notice of normal course issuer bid by the Exchange, excluding any securities held by or on behalf of the listed issuer on the date of acceptance of the notice of normal course issuer bid by the Exchange,

and for the purposes of (b) and (c), whether such purchases are made through the facilities of a stock exchange or otherwise, but excluding purchases made under a circular bid.

“**principal security holder**” of a listed issuer means a person or company who beneficially owns or exercises control or direction over more than 10% of the issued and outstanding securities of any class of voting securities or equity securities of the listed issuer.

“**public float**” means the number of shares of the class which are issued and outstanding, less the number of securities that are pooled, escrowed or non-transferable, and less the number of shares of the class, known to the issuer after reasonable inquiry, beneficially owned, or over which control or direction is exercised by:

- (a) the listed issuer;
- (b) every senior officer or director of the listed issuer; and
- (c) every principal security holder of the listed issuer.

Amended (June 1, 2007)

Rule 6-102 Interpretation

- (1) For the purposes of this Part, a purchase shall be deemed to have taken place when the offer to buy or the offer to sell, as the case may be, is accepted.
- (2) For the purposes of this Part, in determining the beneficial ownership of securities of a security holder or of any person or company acting jointly or in concert with the security holder, at any given date, the security holder, person or company shall be deemed to have acquired and be the beneficial owner of a security if the security holder, person or company is the beneficial owner of any issued security on that date.
- (3) For the purposes of this Part, in calculating the number of securities acquired by the listed issuer, securities purchased by a person or company acting jointly or in concert with the listed issuer, as determined in accordance with section 91 of the *Securities Act*, during the period of an outstanding normal course issuer bid will be included.
- (4) For the purposes of this Part, the number of securities that may be acquired by a listed issuer shall be adjusted to account for stock splits, consolidations and stock dividends, or other similar events.
- (5) For the purposes of section 93(3)(e) of the *Securities Act*, an issuer bid may only be completed as a normal course issuer bid in accordance with sections 629 and 629.1 of the Company Manual. A debt substantial issuer bid may only be completed in accordance with section 629.2 of the Company Manual.

Amended (June 1, 2007)

DIVISION 2 - GENERAL RULES APPLICABLE TO BIDS (REPEALED)

Repealed (June 1, 2007)

Rule 6-201 Compliance with Exchange Requirements (Repealed)

Repealed (June 1, 2007)

Policy 6-201 Compliance with Exchange Requirements (Repealed)

Repealed (June 1, 2007)

Rule 6-202 Obligations of Offeror (Repealed)

Repealed (June 1, 2007)

Rule 6-203 Notice by Offeror (Repealed)

Repealed (June 1, 2007)

Rule 6-204 Book for Receipt of Tenders (Repealed)

Repealed (June 1, 2007)

Rule 6-205 Conduct of Participating Organizations (Repealed)

Repealed (June 1, 2007)

Rule 6-206 Allotment Procedure (Repealed)

Repealed (June 1, 2007)

Rule 6-207 Amendments to the Bids and Notices (Repealed)

Repealed (June 1, 2007)

DIVISION 3 - SPECIAL RULES APPLICABLE TO STOCK EXCHANGE TAKE-OVER BIDS (REPEALED)

Repealed (June 1, 2007)

Rule 6-301 Offeree Directors' Press Release (Repealed)

Repealed (June 1, 2007)

Rule 6-302 Competing Stock Exchange Take-Over Bids (Repealed)

Repealed (June 1, 2007)

Rule 6-303 Purchases During a Take-Over Bid (Repealed)

Repealed (June 1, 2007)

Rule 6-304 Notice of Insider Bid (Repealed)

Repealed (June 1, 2007)

Rule 6-305 Normal Course Purchases (Repealed)

Repealed (June 1, 2007)

DIVISION 4 - DEBT SUBSTANTIAL ISSUER BIDS

Rule 6-401 Debt Substantial Issuer Bids

A debt substantial issuer bid shall be made in accordance with the prescribed terms and procedures set out in sections 628 and 629.2 of the Company Manual.

Amended (June 1, 2007)

Rule 6-402 Special Procedures for Debt Substantial Issuer Bids

- (1) The provisions of this Rule shall apply to a debt substantial issuer bid provided that:
 - (a) there is no legal or regulatory requirement to provide a valuation of the securities that are the subject of the bid to security holders; or
 - (b) exemptions from all applicable requirements have been obtained.
- (2) A book for receipt of tenders to the debt substantial issuer bid shall be opened on the Exchange not sooner than the thirty-fifth calendar day after the date on which notice of the bid is accepted by the Exchange and at such time, and for such length of time, as may be determined by the Exchange.
- (3) Where in a debt substantial issuer bid, more securities are tendered than the number of securities sought, the listed issuer shall take up a proportion of all securities tendered equal to the number of securities sought divided by the number of securities tendered, and Participating Organizations shall make allocations in respect of securities tendered in accordance with the instructions of the Exchange.
- (4) In respect of a debt substantial issuer bid:
 - (a) no Participating Organization shall knowingly assist or participate in the tendering of more securities than are owned by the tendering party; and
 - (b) tendering, trading and settlement by Participating Organizations shall be in accordance with such rules as the Exchange shall specify to govern each bid.
- (5) A Participating Organization acting jointly or in concert with the listed issuer shall not enter into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the listed issuer subject to the bid that has the effect of providing to the holder or owner, a consideration of greater value than that offered to the other holders of the same class of securities.

Amended (June 1, 2007)

DIVISION 5 - DIVISION 5 NORMAL COURSE ISSUER BIDS

Rule 6-501 Normal Course Issuer Bids

A normal course issuer bid shall be made in accordance with the prescribed terms and procedures set out in sections 628, 629, and 629.1 of the Company Manual and the provisions of this Rule and Policy.

Amended (June 1, 2007)

Policy 6-501 Normal Course Issuer Bids

- (1) Requirements

A full list of requirements for listed issuers is set out in sections 629 and 629.1 of the Company Manual. Participating Organizations, when acting as a broker making purchases on behalf of a listed issuer pursuant to a normal course issuer bid, must comply with the following requirements that are imposed on listed issuers in sections 629 and 629.1 of the Company Manual:

1. **Price Limitations**—It is inappropriate for a listed issuer making a normal course issuer bid to abnormally influence the market price of its securities. Therefore, purchases made by listed issuers pursuant to a normal course issuer bid shall be made at a price which is not higher than the last independent trade of a board lot of the class of securities which is the subject of the normal course issuer bid. In particular, the following are not “independent trades”:
 - (a) trades directly or indirectly for the account of (or an account under the direction of) an insider;
 - (b) trades for the account of (or an account under the direction of) the broker making purchases for the bid;
 - (c) trades solicited by the broker making purchases for the bid; and

- (d) trades directly or indirectly by the broker making purchases for the bid which are made in order to facilitate a subsequent block purchase by the issuer at a certain price.
2. ***Prearranged Trades***—It is important to investor confidence that all holders of identical securities be treated in a fair and even-handed manner by the listed issuer. Therefore, an intentional cross or pre-arranged trade under a normal course issuer bid is not permitted, unless such trade is made in connection with the block purchase exception.
 3. ***Private Agreements***—It is in the interest of security holders that transactions pursuant to an issuer bid should be made in the open market. This philosophy is also reflected in the *Securities Act*, which provides very limited exemptions for private agreement purchases. Therefore, purchases must be made by means of open market transactions.
 4. ***Sales from Control***—Purchases pursuant to a normal course issuer bid shall not be made from a person or company effecting a sale from control block pursuant to Part 2 of Multilateral Instrument 45-102 Resale of Securities and sections 630–633 of the Company Manual. It is the responsibility of the broker acting as agent for the listed issuer to ensure that it is not bidding in the market for the normal course issuer bid at the same time as a broker is offering the same class of securities of the listed issuer under a sale from control.
 5. ***Purchases During a Circular Bid***—A listed issuer shall not make any purchases of its securities pursuant to a normal course issuer bid during a circular bid for those securities. This restriction applies during the period from the first public announcement of the bid until the termination of the period during which securities may be deposited under such bid, including any extension thereof. This restriction does not apply to purchases made solely as a trustee pursuant to a pre-existing obligation under a pension, stock purchase, stock option, dividend reinvestment or other plan. In addition, if the listed issuer is making a securities exchange take-over bid, it shall not make any purchases of the security offered in the bid other than those permitted by OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions.
 6. ***Undisclosed Material Information***—A listed issuer shall not make any purchases of its securities pursuant to a normal course issuer bid while the listed issuer possesses any material information which has not been disseminated. Reference is made to the Exchange's Timely Disclosure Policy (in Part 4 of the Company Manual) in this regard. This restriction does not apply to normal course issuer bids carried out pursuant to automatic securities purchase plans established by the listed issuer in accordance with applicable securities laws, particularly Section 175 of Regulation 1015 of the *Securities Act*. All such plans must be precleared by the Exchange prior to implementation. See OSC Staff Notice 55-701—Automatic Securities Dispositions Plans and Automatic Securities Purchase Plans, or any successor notice, policy or instruments, for additional guidance.
 7. ***Block Purchase Exception***—A listed issuer may make one block purchase per calendar week which exceeds the daily repurchase restriction contained in subsection 628(a)(ix)(a) of the Company Manual, subject to maximum annual aggregate limits. Once the block purchase exception has been relied on, the listed issuer may not make any further purchases under the normal course issuer bid for the remainder of that calendar day.
 8. ***Purchases at the Opening and Closing***—A listed issuer shall not make any purchases of its securities pursuant to a normal course issuer bid at the opening of a trading session, or during the 30 minutes before the scheduled close of a trading session. However, notwithstanding Policy 6-501(1)(1), purchases of securities pursuant to a normal course issue bid may be effected through the Exchange's Market-On-Close facility.
 9. ***Time Period***—A normal course issuer bid shall not extend for a period of more than one year from the date on which purchases may begin.

(2) Broker

A listed issuer shall appoint only one broker at any one time as its broker to make purchases. The listed issuer shall inform the Exchange in writing of the name of the responsible broker and registered representative. The broker shall be provided with a copy of the notice and be instructed to make purchases in accordance with the provisions herein, the provisions of sections 628, 629 and 629.1 of the Company Manual, and the terms of such notice. To assist the Exchange in its surveillance function, the listed issuer is required to receive prior written consent of the Exchange where it intends to change its broker.

(3) Non-Compliance

Failure of a broker making purchases pursuant to a normal course issuer bid to comply with any requirement herein or in sections 629 and 629.1 of the Company Manual may result in the suspension of the bid.

Amended (June 1, 2007)

DIVISION 6 - POWERS OF THE EXCHANGE

Rule 6-601 Powers of the Exchange

The Exchange may, subject to such terms and conditions as it may impose:

- (a) require additional disclosure or impose additional obligations on a person or listed issuer proposing to make or making a debt substantial issuer bid or normal course issuer bid where, in the opinion of the Exchange, it would be beneficial to the public interest to do so;
- (b) determine that any person or listed issuer shall not be permitted to purchase shares through the facilities of the Exchange;
- (c) delay the date upon which the book in respect of a debt substantial issuer bid is to be opened to such date as it may, in its discretion, determine on the occurrence of any of the following:
 - (i) the announcement or making of a circular bid for securities of the same listed issuer,
 - (ii) the announcement of a change in the terms of a circular bid for securities of the same listed issuer, or
 - (iii) any other event that, in the opinion of the Exchange, justifies such a delay;
- (d) permit a listed issuer to extend a debt substantial issuer bid after the announcement of a material change; and
- (e) exempt any person from any Exchange Requirements where in the opinion of the Exchange it would not be prejudicial to the public interest to do so.

Amended (June 1, 2007)

PART 7 - APPEAL PROCEDURE

Rule 7-101 Appeal Right

- (1) A Participating Organization may appeal a decision of the Exchange within 30 days from the date of such decision, by submitting a request in writing.
- (2) The Participating Organization must make written submissions in support of an appeal under this section.
- (3) The matter will be considered by a minimum of one and a maximum of three senior officer(s) of the Exchange who were not participants in making the original decision, as determined by the Exchange. The senior officer(s) may uphold the original decision or may render a new decision.
- (4) If after being heard, the Participating Organization remains dissatisfied with the decision, the Participating Organization may, within 30 calendar days of the appeal decision by the senior officers of the Exchange, appeal the decision to a three-person panel of the Exchange's Board of Directors. Participating Organizations must request the appeal in writing and make written submissions in support of an appeal to the Exchange's Board of Directors.

Added (September 4, 2014)

PART 8 - ADMINISTRATION

Rule 8-101 Method of Giving Notice

- (1) Unless otherwise specifically provided in any Exchange Requirement, notice shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the last address of such person as recorded by the Exchange or any recognized self-regulatory organization or if mailed by pre-paid ordinary or air mail addressed to such person at the said address or if sent to the said address by any means of wire or wireless or any other form of transmitted or recorded communication or if given in any manner which may, in all the circumstances, be reasonably expected to come to the attention of such person.
- (2) The Exchange may change the address of any person on the records of the Exchange in accordance with any information believed by the Exchange to be reliable.
- (3) A notice delivered in accordance with this Rule shall be deemed to have been given when it is delivered personally or at the address aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication company or agency or its representatives for dispatch.

Rule 8-102 Computation of Time

- (1) In computing the time when a notice must be given or for the doing of anything or taking any proceeding under any provision of an Exchange Requirement requiring that a notice be given a specified number of days prior to any meeting, hearing, action or proceeding or that any action be done or proceeding taken within a specified number of days after some event, 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 Exchange Requirement expires or falls upon a day which is not a Trading Day, the time so limited extends to and the thing may be done on the next day following that is a Trading Day.

Rule 8-103 Waiver of Notice

Any person referred to in Rule 8-101 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.

Rule 8-104 Omissions or Errors in Giving Notice

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.

Rule 8-105 Transitional Provisions

- (1) Subject to Rule 8-105(2), any provision of the General By-law of the Exchange and any policy, ruling, decision or direction in effect immediately prior to the coming into effect of these Rules shall remain in full force and effect until such provision, policy, ruling, decision or direction has been repealed.
- (2) In the event of a conflict between these Rules and the provisions of the General By-law and any policy, ruling, decision or direction which remains in effect after these Rules come into effect, the provisions of these Rules shall prevail.

APPENDIX A

THE TORONTO STOCK EXCHANGE INC.

PARTICIPATING ORGANIZATION

APPLICATION, CERTIFICATE AND AGREEMENT

The Applicant will complete all parts and sign the Application, Certificate and Agreement. Signatures must be original.

Prior to being accepted as a Toronto Stock Exchange Participating Organization an applicant must be a member in good standing of a recognized self-regulatory organization a participating institution in the Canadian Investor Protection Fund that regulates the business conduct and affairs of its members).

Capitalized terms used herein have the meanings assigned to them in Rule 1-101 of the Exchange.

Submit the completed Application, Certificate and Agreement, together with Personal Information Forms and any attachments or supporting documents, to:

Regulatory & Market Policy
The Toronto Stock Exchange
The Exchange Tower
2 First Canadian Place
Toronto, Ontario
M5X 1J2

APPLICATION

_____ (the "Applicant") hereby applies for acceptance as a Toronto Stock Exchange Participating Organization and provides the following information:

Particulars of Applicant

1. Full legal name of Applicant.
2. Name under which the Applicant will carry on business.
3. Former names of Applicant, if any.
4. Head office:
 - address
 - telephone number
 - fax number
 - e-mail address
5. Describe the Applicant's business, briefly and succinctly.

Formation and Capitalization

6. If the Applicant is a corporation, give jurisdiction and date of incorporation, and continuation if applicable. If applicant is a partnership, give date of formation and governing statute.
7. If the Applicant is a corporation, describe capitalization, including classes of shares, number authorized and number issued and outstanding; describe material characteristics such as voting rights, restrictions and conversion rights. If a partnership, list partnership interests and describe material characteristics such as voting rights and restrictions.
8. Names of affiliates in the securities industry, if any.
9. If the Applicant is part of a group of companies, attach a diagram showing the companies of the group with percentages of holdings and jurisdiction of incorporation for each company.

Significant Shareholders

10. Name of each person holding 10% or more of the voting interests of the Applicant; if any such person is not an individual, name of the ultimate beneficial individual owner(s) of the interest or individual(s) controlling the interest. Attach a completed and signed Personal Information Form for each individual.

Directors and Officers or Partners.

11. If the Applicant is a corporation, list names of directors and names and titles of senior officers; if the Applicant is a partnership, list names of partners. Attach a completed and signed Personal Information Form for each individual.

Key Personnel and Operating Information

12. Provide names of head trader and head of compliance, with their titles and contact numbers.
13. Clearing and settlement arrangements.

Regulatory Information

14. Name of the recognized self regulatory organization responsible for regulating the Applicant (the primary audit jurisdiction).
15. List all stock exchange and self regulatory organization memberships, with dates of membership and current status.

16. List all registrations held by the Applicant or an affiliate of the Applicant, at present or in the past, relating to trading or advising in securities, commodities or futures; specify jurisdiction, regulatory authority, category of registration, date of registration and state whether registration continues in effect.
17. List all registrations or licences to deal with the public other than those listed in item 16 that the Applicant, or affiliate of the Applicant, has held; specify nature of registration or licence, jurisdiction and title of legislation under which granted and dates held.
18. Has the Applicant, or an affiliate of the Applicant, ever been refused registration, a licence or membership or had a registration, licence or membership suspended or cancelled? If yes, give particulars.

History of Disciplinary, Criminal and Civil Proceedings

19. Describe all disciplinary proceedings, with resolution of each, relating to the Applicant, or affiliate of the Applicant, including pending proceedings, by any of the registering authorities, self-regulatory organizations or stock exchanges named in the section above.
20. Provide particulars of any criminal conviction, indictment or current charge relating to the Applicant or any affiliate of the Applicant. (If a pardon under the *Canada Criminal Records Act* has been granted and has not been revoked, the Applicant does not have to disclose the pardoned offence and may respond, e.g., “Pardon granted on [date]”.)
21. Provide particulars of any past or pending civil proceedings relating to securities, commodities or futures or involving fraud in which the Applicant, or an affiliate of the Applicant, is or was a defendant.
22. If the Applicant, or an affiliate of the Applicant, has ever been declared bankrupt or made a voluntary assignment in bankruptcy or had a receiver appointed by or at the request of its creditors, provide particulars, with date of discharge.

CERTIFICATE AND AGREEMENT

The Applicant hereby certifies that the information provided in this Application and any attachment hereto is true and correct. The Applicant acknowledges that any wilful material omission or misstatement in this Application or any attachment hereto may lead to rejection of the Application or termination of Participating Organization status.

In consideration of acceptance by The Toronto Stock Exchange Inc. (the "Exchange") as a Participating Organization, the Applicant agrees with the Exchange as follows:

1. In this Agreement, capitalized terms have the meanings assigned to such terms in Rule 1-101 of the Exchange.

2. The Applicant agrees that it will comply with and be bound by Exchange Requirements that are or may be in force from time to time and of which the Exchange has provided public notice.

3. Without limiting the generality of paragraph 2, the Applicant agrees:
 - (a) to notify the Exchange in writing of a material change in the information in this Application;
 - (b) to obtain prior approval of a change in control as required by Exchange Requirements;
 - (c) to notify the Exchange prior to changing the Recognized Self-Regulatory Organization of which it is a member or ceasing to be a member of a Recognized Self-Regulatory Organization;
 - (d) to provide, or to provide access to, any information or document that the Exchange requests and to cooperate with any review or investigation by or on behalf of the Exchange;
 - (e) to indemnify the Exchange as provided in the Rules; and
 - (f) that neither this Agreement nor Participating Organization status is transferable or assignable by the Participating Organization or its affiliates.

4. The Applicant submits to the jurisdiction of the Exchange and agrees that Participating Organization status may be revoked, terminated or suspended at any time in accordance with Exchange Requirements. If such status is revoked or terminated, the Applicant agrees to terminate its connection with the Exchange forthwith and to take all steps necessary to dissociate itself from the business and affairs of the Exchange and other Participating Organizations of the Exchange.

5. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to conflicts of law rules.

APPENDIX B

THE TORONTO STOCK EXCHANGE INC.

PARTICIPATING ORGANIZATION

APPLICATION FOR APPROVAL OF CHANGE IN CONTROL

_____ (the "Participating Organization") hereby applies for approval of a change in control and provides the following information:

1. Describe the current ownership of the Participating Organization, including controlling interests; attach an organization chart setting out the ownership structure.
2. Describe the proposed transaction, including changes in the ownership of securities of the Participating Organization and any changes in the capitalization of the Participating Organization.
3. Describe the ownership of the Participating Organization following the proposed transaction, including controlling interests; attach an organization chart setting out proposed ownership structure.
4. Provide the name of each person who will hold a Significant Equity Interest in the Participating Organization following the proposed transaction. If any such person is not an individual, provide the name of the ultimate beneficial individual owner of the interest or individual controlling the interest.
5. Provide the name of each director or partner and name and title of each senior officer of the Participating Organization following the proposed transaction.
6. Attach a Personal Information Form for each individual named in response to items 4 and 5 who is not a director, officer, partner or the holder of a Significant Equity Interest of the Participating Organization prior to the proposed transaction.
7. Describe any changes to the business of the Participating Organization as a result of the proposed transaction.
8. Describe any changes to clearing and settlement arrangements of the Participating Organization as a result of the proposed transaction.
9. List all material contracts or other material documents relating to the proposed transaction (and, if applicable, attach copies of the documents or drafts of the documents).

CERTIFICATE

The undersigned hereby certify that the information provided in this application is true and correct.

Dated at _____ this _____ day of _____, 20__ .

Name of Participating Organization

BY:

Signature

Signature

Name and title of director, officer or partner

Name and title of director, officer or partner