

# TORONTO STOCK EXCHANGE

## NOTICE OF APPROVAL

### AMENDMENTS TO TORONTO STOCK EXCHANGE RULE BOOK

#### Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 (the "Protocol"), TSX Inc. ("TSX") has adopted, and the Ontario Securities Commission (OSC) has approved, amendments (the "Amendments") to the TSX Rule Book (the "Rules") to reflect enhancements to the Market on Close ("MOC") facility operated by TSX. The Amendments are public interest amendments to the Rules. The Amendments were published for public comment in a request for comments on June 30, 2016 (the "Request for Comments").

#### Reasons for the Amendments

The Amendments are being made to reflect the following changes:

1. A second MOC imbalance will be calculated and broadcast in the event of a delay of the closing call due to the invocation of the price movement extension ("PME").
2. Following the broadcast of the second MOC imbalance, MOC limit orders may be entered in the MOC book on the opposite side of the second MOC imbalance.
3. MOC limit orders that are not included in the first MOC imbalance may be cancelled subject to the time constraints set by TSX.\*

The Amendments were developed in consultation with the MOC user community to address certain functionality deficiencies related to the PME. The Amendments will improve the ability of participants to offset MOC imbalances during a PME session. This will, in turn, help reduce the price volatility of MOC securities in closing calls that are delayed due to a PME. In addition, permitting participants to cancel MOC limit orders submitted during the PME will make the MOC facility functionality consistent as between the 3:40 to 4:00 p.m. time period (the "MOC imbalance market state") and the PME session.

#### Summary of Comments and Text of the Final Amendments

No comment letters in response to the Request for Comments were received and no changes have been made to the Amendments outlined in the Request for Comments.

The Amendments will be finalized in the form attached as **Appendix A**.

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\*Contrary to what was set out in the Request for Comments, MOC limit orders that are not included in the second MOC imbalance may not be cancelled. Only offsetting MOC limit orders entered between 4:00 and 4:10 p.m. may be cancelled.

**Effective Date**

The Amendments will become effective on November 21, 2016.

## APPENDIX A

### TEXT OF FINAL AMENDMENTS TO TSX RULE BOOK

#### 4-902 Market-On-Close

##### (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.
- (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.