ALPHA EXCHANGE INC.

NOTICE OF HOUSEKEEPING RULE AMENDMENTS

HOUSEKEEPING AMENDMENTS TO TSX ALPHA EXCHANGE TRADING POLICY MANUAL

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 (the "Protocol"), Alpha Exchange Inc. ("TSX Alpha") has adopted, and the Ontario Securities Commission has approved, amendments (the "Amendments") to the Alpha Trading Policy Manual (the "Trading Policy"). The Amendments are Housekeeping Rules under the Protocol and therefore have not been published for comment. The Ontario Securities Commission ("OSC") has not disagreed with the categorization of the Amendments as Housekeeping Rules.

Reasons for the Amendments

The Amendments are being made to conform to the final guidance published by the Investment Industry Regulatory Organization of Canada ("IIROC") requiring the establishment and operation of price thresholds by all Canadian marketplaces to further reduce short-term, unexplained price volatility.

On August 25, 2015, IIROC published final guidance to establish the operation of specific price thresholds for securities beyond which a marketplace must preclude trading activity (the "Marketplace Thresholds"). Pursuant to this guidance, each marketplace in Canada that has retained IIROC as its regulation services provider must build a mechanism to implement the Marketplace Thresholds. The Marketplace Thresholds requirement is effective on August 25, 2016, but TSX Alpha (along with the other TMX equities marketplaces) was granted an extension to implement the Marketplace Thresholds until the time of TMX's Q4 2016 Trading Enhancements release on November 21, 2016.

Currently, TSX Alpha has established its own price volatility parameters (or "freeze limits") for securities beyond which orders may be suspended from trading. As the Marketplace Thresholds will replace the existing freeze limits on TSX Alpha, TSX Alpha's existing freeze functionality will no longer be applicable.

The references to Marketplace Thresholds is also intended to be consistent between TSX Alpha, TSX Inc. ("TSX") and TSX Venture Exchange Inc. ("TSXV").

Summary of the Amendments

The Trading Policy is being amended to remove references to existing freeze functionality and to make its approach to describing functionality consistent with TSX and TSXV.

The Trading Policy will be amended as follows:

1. Subsection 5.6(1), which describes TSX Alpha's freeze limits, will be deleted. Details relating to TSX Alpha's implementation of Marketplace Thresholds will be set out in the updated Order Type and Functionality Guide for TMX equity markets. This is consistent with the description of Marketplace Thresholds on TSX and TSXV.

2. Section 5.12, which describes the optional Cancel on Disconnect (COD) gateway session feature on Alpha, will be removed from the Trading Policy. Section 5.12 has a reference to Alpha's freeze limits which will no longer be accurate. In addition, COD is described in the Order Type and Functionality Guide and, similar to the approach taken by TSX and TSXV, it is more appropriate to describe the optional COD functionality in the guide rather than in the Trading Policy.

Text of the Amendments

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

Effective Date

The Amendments become effective on November 21, 2016.

APPENDIX A

TEXT OF FINAL AMENDMENTS TO ALPHA TRADING POLICY MANUAL

5.6   PRICE VOLATILITY PARAMETERS

~~(1)   Freeze limits are:~~

> ~~1.   configurable for each security and are determined at Alpha's discretion;~~
>
> ~~2.   established by applying a pre-determined price deviation against the most recent independent Alpha trade or another reference price; and~~
>
> ~~3.   breached when an order, if executed, will cause the price of the security to exceed the freeze limit, and produce a temporary suspension of trading on the security.~~
>
> ~~4.   When a security freezes, Alpha staff to assess and determine whether the order will be allowed, and whether to resume trading in the security. While the security is frozen, further order entry is prevented and existing orders cannot be cancelled or modified.~~

~~(2)~~(1) Bid/Ask limits:

> 1.   are configurable across the market based on the security's quoted price, and apply automatically to market and better price limit orders; and
>
> 2.   limit the number of ticks past the best bid price or best ask price an order can trade through.
>
>   If an incoming tradable order hits the bid/ask limit and still has volume remaining, the remaining volume is booked at the bid/ask limit.

5.12   CANCEL ON DISCONNECT (Repealed)

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

Repealed