TSX INC.

NOTICE OF PROPOSED AMENDMENTS AND REQUEST FOR COMMENTS

TSX Inc. ("TSX") is publishing this Notice of Proposed Amendments in accordance with the "Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto".

Market participants are invited to provide comments on the proposed changes. Comments should be in writing and delivered by January 31, 2017 to:

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A copy should also be provided to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8
Email: marketregulation@osc.gov.on.ca

Comments will be made publicly available unless confidentiality is requested. Upon completion of the review by Commission staff, and in the absence of any regulatory concerns, a notice will be published to confirm Commission approval.

Background

TSX is planning to introduce a separate board of TSX (the "TSX International Board") that will post for trading certain US-listed securities in Canadian dollars ("CAD"). Initially, TSX will likely post for trading securities included in the S&P 500 index, which TSX believes represents a universe of symbols likely to be the most traded by Canadian investors. These will be enabled for trading on a phased basis, starting with approximately 30-50 symbols. Other liquid US-listed securities may also be enabled for trading based on customer demand.

The posting of US-listed securities for trading on the TSX International Board is intended to:

- increase the accessibility of these securities to Canadian investors; and
- introduce additional client trading opportunities and general efficiencies for Participating Organizations.

TSX is proposing changes to the TSX Rule Book (the "Proposed Amendments") and to certain TSX marketplace functionality (collectively, the "Proposed Changes") to accommodate trading of US-listed securities on the TSX International Board. Such US-listed securities will not be listed by TSX, but will only be posted for trading similar to how a Canadian ATS posts TSX-listed securities for trading today. Further, the US-listed securities that are posted for trading on the TSX International Board will also always exclude those that are or become interlisted on an exchange in Canada.

Proposed Changes

The following table outlines the key features of the TSX International Board. As US-listed securities are intended to trade and clear through existing TSX and CDS infrastructure and processes, the trading functionality of the TSX International Board will generally mirror the functionality for trading in TSX-listed securities on TSX with limited exceptions. This approach was adopted to minimize impact to, and maximize potential take-up by, investors and market participants.

Access	• No new or separate eligibility criteria. No new agreements to sign. • No new connections required to access trading in US-listed securities as all trading will be conducted on the existing TSX trading infrastructure, and more specifically, on the same trading platform. • TSX Participating Organizations (and their clients) will automatically have access to trading in US-listed securities so long as they have acknowledged receipt of certain disclosure required to be made under s. 5.9 of National Instrument 21-101 *Marketplace Operation* ("NI 21-101"). If acknowledgement of receipt is not obtained, securities law will preclude TSX from allowing the TSX Participating Organization to trade the US-listed securities.
Eligible Securities	• Only securities listed on a US exchange that are not also listed by a Canadian recognized exchange will be eligible for trading. • Initially, TSX will likely post for trading securities that are constituents of the S&P 500 index (serving as a proxy for liquid securities). These will be enabled on a phased-in basis – starting with 30 to 50 of the most actively traded securities. • Only CDS-eligible securities will be enabled for trading. • TSX will post US-listed securities for trading using the symbol assigned to the security by the US listing exchange, except in the case where the symbol root is already in use by a Canadian-listed issuer. In those cases, TSX will designate a unique symbol to be applied. All US-listed securities enabled for trading for the day will be identified in the morning symbol status message. A file including symbols for all enabled US-listed securities will also be made available each day.
Trading Functionality	• Not a new trading destination. Same destination tag as applicable for TSX. • Orders are to be entered with a price denominated in CAD. Orders will therefore be posted, displayed and traded in CAD. • Standard TSX trading functionality applies, subject to the following exceptions: o Trading in US-listed securities will be disabled on US holidays when US markets are closed but Canadian markets are open. o No opening auction, MBF session or closing auction. o No special trading sessions. Continuous trading only between the hours of 9:30 a.m. and 4:00 p.m. • Note: Resting GTC/GTD orders at end of each day will be carried forward to the following day as is currently the case for TSX-listed securities. o Pre-open session will be available from 7:00 a.m. to 9:30 a.m. during which time only cancellations of resting GTC/GTD orders are permitted. No new orders or amendments to resting GTC/GTD permitted until after 9:30 a.m. o No formal market making program • Odd lot dealers will be assigned to manage auto-execution of odd lots at the Protected National Best Bid or Offer for US-listed securities. An odd lot book will be maintained in the same manner as is currently applicable for odd lots on TSX-listed securities. o No cross interference (broker preferencing will continue to apply).

	○ No special settlement terms orders. ○ No support for the non-resident designation. • TSX will apply its existing volatility control mechanisms. • TSX will apply halts imposed by a US listing exchange or US regulator, and will similarly lift a halt when it has been lifted in the US.
Data	• No new real-time data feeds. • Real-time order and trade data regarding US-listed securities will be disseminated through the existing real-time data feed products for TSX-listed securities.
Clearing and Settlement	• Only US-listed securities that are CDS-eligible will be permitted to trade on the TSX International Board. • As all executed trades in US-listed securities will be between TSX Participating Organizations and for securities that are CDS-eligible, they will clear and settle through the same CDS infrastructure and processes applicable to trades in TSX-listed securities. • Where cross-border inventory transfers are necessary to settle a position between TSX Participating Organizations within CDS, these can be facilitated through CDS' existing cross-border movement service (i.e., book-entry transfer of position in US security; no exchange or conversion of asset).
Depository	• The US-listed securities to be traded on the TSX International Board are the same as those that would otherwise trade in the US. • The custodial position for the US-listed securities will continue to be maintained at the Depository Trust & Clearing Corporation ("DTCC"). ○ Current processes relating to entitlement payments and tax processing for US-listed securities will apply. ○ There will be no requirement for a Canadian transfer/tax withholding agent as DTCC will act in such capacity as they do currently for US-listed securities held in client accounts at TSX Participating Organizations. • Dealers that do not currently offer clients the ability to hold US-listed securities may need to establish processes to manage US dollar denominated entitlement payments.

To implement the above, the following changes to the TSX Rule Book (TSX Rules) are also necessary:

1. Expansion of the security types that can be traded on TSX to include US-listed securities (not listed by a Canadian recognized exchange);

2. Modification of the existing opening rules to differentiate the opening mechanism applicable to TSX-listed securities from that which will apply to US-listed securities;

3. Introduction of an odd lot program applicable only to trading in US-listed securities; and

4. Other changes necessary to accommodate the introduction of trading in US-listed securities on TSX.

Please see **Appendix A** for a blackline of the Proposed Amendments. The Proposed Amendments and their rationale are outlined in more detail below.

Details and Rationale

1. *Expansion of the security types that can be traded on TSX to include US-listed securities (not listed by a Canadian recognized exchange)*

Although TSX currently has the option to post for trading securities that are not listed by TSX, this is limited to securities that are listed by another recognized exchange in Canada. The Proposed Amendments would expand this limitation to allow for the trading of securities listed on a US exchange.

Currently, many Canadian investors already buy and sell US-listed securities on US marketplaces through their Canadian registered IIROC dealers and their network of US intermediaries for trading and clearing. By permitting marketplace participants to trade US securities directly on the TSX International Board, Canadians will have increased optionality, flexibility and accessibility to trade such securities. In particular, allowing for the trading of US securities on the TSX International Board will introduce efficiencies for investors that wish to trade US-listed securities from their CAD-denominated account, reducing the need to open and fund a US dollar account and lowering overall foreign exchange ("FX") costs for investors. It will also provide increased trading options for investors that already trade US-listed securities, and increased transparency to investors regarding the impact of currency changes on the value of US-listed securities held in their CAD-denominated account.

Marketplace participants will also benefit from the ability to provide additional trading opportunities for clients while experiencing reduced frictions in the clearing and settlement process. Smaller dealers may particularly benefit to the extent that offering trading in US-listed securities to their clients necessitates costly and complex southbound trading and clearing relationships. TSX also expects that the introduction of trading in US-listed securities on TSX will facilitate new 'market making' opportunities by firms that can post quality prices in US-listed securities based on their experience in cross-broker trading.

See the Proposed Amendments in Appendix A to Rule 4-1201 to allow for the trading of US-listed securities on TSX.

2. *Opening mechanism for US-listed securities on TSX*

All TSX-listed securities are currently eligible to trade in the opening call auction. TSX does not intend to provide an opening call auction for US-listed securities as TSX has observed that opening mechanisms operated by marketplaces other than the listing exchange have not typically provided beneficial results in terms of liquidity and pricing. Therefore, TSX proposes that a 'shotgun' approach similar to the approach to the opening of trading on TSX Alpha Exchange is more appropriate for US-listed securities. This involves the direct transition from the pre-open state to continuous trading at the opening time for the exchange. As noted earlier, orders carried forward from the prior day to the pre-open session can be cancelled during the pre-open but cannot be modified. New orders will also not be accepted during the pre-open.

See the Proposed Amendments in Appendix A to TSX Rules 4-701 and 4-702 that will limit the application of the current TSX opening mechanism to TSX-listed securities. New Rule 4-703 is also being proposed to introduce a separate opening mechanism for US-listed securities.

US-listed securities will also not be eligible to trade in the existing Market on Close facility operated by TSX. No rule change is necessary to accommodate this.

3. *Introduction of separate odd lot program applicable to US-listed securities*

Currently, TSX assigns market makers to TSX-listed securities whose market making responsibilities include the auto-execution of odd lots that are executable at the contra-side of the Protected National Best Bid or Offer. TSX does not currently assign market makers to perform only the odd lot responsibilities.

TSX does not currently intend to assign market makers to US-listed securities for traditional market making functions and, instead, plans to offer liquidity provision incentives that will be applicable to a broader set of trading participants than if the current market making program was applied to US-listeds. TSX is currently considering what liquidity provision incentives will be offered and anticipates that the liquidity provision incentives may take the form of trading fee discounts, additional rebates, or a combination of both.

In the absence of a market making program, odd lots must still be executed. TSX notes that a common method for executing odd lots on a market with no assigned market makers is to assign a party as an "Odd Lot Dealer" that will be responsible for auto-executing marketable odd lot orders, and to maintain a separate odd lot book for non-marketable orders. The odd lot program on TSX Alpha Exchange is an example of this. TSX proposes to introduce a separate odd lot dealer program for US-listed securities on TSX that is similar to the TSX Alpha Exchange program.

See the Proposed Amendments in Appendix A that introduces new TSX Rules 4-609 to 4-611 to reflect the creation of a separate "OLS Odd Lot Dealer" program.

4. Other necessary changes to TSX Rules

A number of other changes to the TSX Rules will be necessary to accommodate the trading of US-listed securities on the TSX International Board. These are summarized as follows:

- US-listed securities will not be made available for trading during the post-close extended trading session, referred to as the 'Special Trading Session' in the TSX Rules. (TSX Rule 4-901)

- Removal of references to 'listed' securities where the TSX Rules would otherwise apply to any security posted for trading on TSX. (TSX Rules 4-1103, 5-203 and 5-302)

- There will be no cross interference on TSX for trades in US-listed securities. TSX notes that TSX Alpha Exchange also does not currently provide for cross interference. (TSX Rule 4-802)

- Relevant dates for the application of corporate actions and entitlements, including dates for ex-dividend trading, will be the same as those determined by the listing exchange for the security. Accordingly, US-listed securities will trade on an ex-dividend basis on TSX if and when it is trading on an ex-dividend basis in the US. (TSX Rule 4-407(3))

Expected Date of Implementation

The Proposed Changes are expected to become effective in Q2 2017.

Expected Impact

As described above, the Proposed Changes are expected to increase the accessibility of US-listed securities to Canadian investors and introduce additional trading opportunities and efficiencies when trading US-listed securities.

In support of TSX's public interest mandate, TSX will apply various mechanisms to help increase transparency, minimize confusion and avoid negative outcomes for investors. For example, to help facilitate increased transparency for investors, TSX will provide links on its website to the SEC's EDGAR filing page for each issuer whose securities are posted for trading on the TSX International Board. Transparency of order and trade data will be achieved through dissemination of order and trade data through the existing TSX real-time market data feeds.

TSX will also apply its existing volatility parameters and will seek to apply halts when imposed by a US listing venue or US regulator. This will help avoid negative outcomes for investors and promote confidence.

Expected Impact of Proposed Changes on the Exchange's Compliance with Ontario Securities Law

The Proposed Changes will not impact TSX's compliance with Ontario securities law and in particular the requirements for fair access and maintenance of fair and orderly markets. TSX notes that once US-listed securities are posted on the TSX International Board, all TSX Participating Organizations will automatically have access to trading US-listed securities in the same manner as they currently access trading on TSX for TSX-listed securities, except to the extent that access is not permitted under securities law because the TSX Participating Organization has not acknowledged receipt of certain required disclosure. Further, because the trading functionality for US-listed securities will generally mirror the current functionality for trading in TSX-listed securities (including interlisted securities), TSX is of the view that the Proposed Changes will not negatively impact the maintenance of fair and orderly markets.

NI 21-101 currently contemplates that a marketplace may trade "foreign-exchange traded securities" [1] and contains certain requirements in that regard. TSX will comply with all of the related foreign-exchange traded security requirements when trading US-listed securities, including providing TSX Participating Organizations with the risk disclosure required by section 5.9 of NI 21-101. TSX will obtain the requisite acknowledgement of receipt from a TSX Participation Organization before providing it with access to trading in the enabled US-listed securities.

As it relates to compliance with regulatory requirements by TSX Participating Organizations, TSX notes that the Order Protection Rules ("OPR") under National Instrument 23-101 *Trading Rules* will not apply on the basis that OPR does not apply to 'foreign exchange-traded securities'.[2] To the extent that more than one Canadian marketplace is displaying orders on the same US-listed securities, it is our understanding that these orders will therefore not be protected from being traded-through. TSX will, however, apply its OPR trade-through prevention mechanisms in the same way as it does currently for TSX-listed securities so that these will provide consistent outcomes for dealer routers and algos should another Canadian marketplace trade the same symbols.

It is our understanding that all UMIR requirements not otherwise specifically limited to 'listed securities' will also apply.[3] This would mean that core UMIR requirements such as those relating to abusive trading (including manipulative and deceptive trading), front-running, client/principal trading, trading supervision obligations, and dark price improvement will continue to apply. Best execution obligations will also continue to apply, and TSX expects that it will apply in the same way as is applicable for trading on an unprotected market. Dealers should also consult IIROC's proposed amendments to its best execution obligations which would propose to apply similar policies and procedures obligations to the trading of US-listed securities[4] on a Canadian marketplace as it does for Canadian-listed securities.

Despite the foregoing, it is our understanding that dealers are not expressly obligated to trade the US-listed securities on the TSX International Board given that OPR will not impose any obligation to respect the displayed price, and because dealers will continue to be allowed to trade these securities other than on a Canadian marketplace pursuant to the 'Unlisted or Non-Quoted Security' exception under subsection 2(a) of UMIR 6.4 *Trades to be on a Marketplace*. TSX also understands that the continued application of this

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[1] Under NI 21-101, "foreign exchange-traded security" is defined as:

> *a security that is listed on an exchange, or quoted on a quotation and trade reporting system, outside of Canada that is regulated by an ordinary member of the International Organization of Securities Commissions and is not listed on an exchange or quoted on a quotation and trade reporting system in Canada.*

[2] See above.

[3] "Listed securities" under UMIR are essentially securities that are listed on a Canadian recognized exchange, and include interlisted securities. It therefore does not include US-listed securities that are not also listed on a Canadian recognized exchange.

[4] As reflected through the definition of 'foreign exchange-traded security'.

off-marketplace trading exception also means that order exposure requirements under UMIR 6.3 do not apply.

Estimated Time Required by Members and Service Vendors to Modify Their Own Systems after Implementation of the Proposed Changes

The introduction of the Proposed Changes is being implemented in a way that leverages existing TMX trading and clearing infrastructure in order to minimize impact on dealers and vendors.

Dealers and vendors choosing to take advantage of trading in US-listed securities on the TSX International Board may need to consider changes to incorporate these into trading input systems and routing logic. However, TSX expects dealers will likely handle orders in US-listed securities in a manner that is similar to how they currently treat interlisted securities, other than for any differences that arise due to the fact that OPR will not apply and there will be no obligation under UMIR 6.4 to trade these on the TSX International Board.

Dealers that do not currently provide clients the ability to trade US-listed securities via a CAD-denominated account may need to implement processes to manage entitlement payments where it is necessary for those payments to be converted and reflected in the CAD-denominated account that is holding the US-listed securities. In these cases, the dealer may be able to rely on its clearing broker or custodian to help facilitate the related entitlements processing and currency conversion process.

To aid with adoption of the Proposed Changes, detailed specifications will be made available shortly after the publication of this notice for comment, as will testing facilities. This will provide dealers and vendors with sufficient time to implement and test any changes. This will also provide significantly more time than is otherwise typically afforded or required when a marketplace makes changes to trading functionality.

Do the Proposed Changes Currently Exist in Other Markets or Jurisdictions

SIX Swiss Exchange currently offers trading in foreign listed securities via its 'Sponsored Foreign Shares Segment', through which it offers Swiss franc denominated trading in over 500 international blue chip companies. Foreign securities admitted for trading on SIX Swiss must be sponsored by one of two currently approved sponsors who are primarily responsible for making two-sided markets in the sponsored foreign-listed securities posted for trading on SIX Swiss Exchange.

TSX notes that the Ontario Securities Commission ("OSC") had previously allowed a Canadian marketplace to post for trading securities listed on NYSE, Nasdaq and NYSE MKT (formerly AMEX) when OSC staff completed its review of related marketplace changes on Omega ATS[5],[6] and when the OSC approved the launch of Lynx ATS.[7,8] The US-listed securities to be made available for trading on Omega and Lynx were similarly to be posted in CAD and limited to US-listed securities that were CDS-eligible.

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[5] Omega ATS notice of proposed changes available at:
http://www.osc.gov.on.ca/en/Marketplaces_ats_20100903_rfc-omega.htm.
[6] OSC staff notice of completion of review of Omega ATS changes available at:
http://www.osc.gov.on.ca/en/Marketplaces_ats_20101203_noc-review-pro-changes.htm.
[7] Lynx ATS notice of initial operations report available at:
http://www.osc.gov.on.ca/en/Marketplaces_ats_20130418_rfc-lynx-initial-operations-rpt.htm.
[8] OSC notice of approval of Lynx ATS initial operations report available at:
http://www.osc.gov.on.ca/en/Marketplaces_ats_20130920_lynx-notice-completion-review.htm.

APPENDIX A

BLACKLINE OF AMENDMENTS TO TSX RULE BOOK

PART 1 - INTERPRETATION

Rule 1-101 Definitions (Amended)

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

"**eligible foreign exchange-traded security**" means a foreign exchange-traded security as defined in National Instrument 21-101 – Marketplace Operation which has been posted for trading on the Exchange.

Added (●, 2017)

"**odd lot**" means any amount less than a board lot.

Added (●, 2017)

"**OLS Odd Lot Dealer**" means a Participating Organization assigned by the Exchange to maintain the odd lot market in one or more other-listed securities pursuant to Division 6 of Part 4 of these Rules.

Added (●, 2017)

"**OLS Odd Lot Trader**" means the Approved Trader(s) assigned by an OLS Odd Lot Dealer to fulfill its responsibilities as the OLS Odd Lot Dealer for an other-listed security.

Added (●, 2017)

"**other-listed security**" means a security listed by another exchange that is posted for trading on the Exchange.

Added (●, 2017)

"**Opening Eligible Securities**" means securities in respect of which opening trades may be executed at the calculated opening price as designated by the Exchange.

Added (●, 2017)

"**opening time**" means the time fixed by the Board for the opening of Sessions of trading in ~~listed~~ securities.

Amended (●, 2017)

"**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 (including an other-listed security as such term is defined herein).

~~Added (February 24, 2012)~~ **Amended (●, 2017)**

PART 4 - TRADING OF SECURITIES

DIVISION 4 - GENERAL TRADING RULES

Rule 4-407 Advantage goes with Securities Sold

(1) Except as provided in Rule 4-407(2) and (3), 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) In all trades of other-listed 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 which has listed the security or the parties to the trade by mutual agreement.

(4) ~~(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.

(5) ~~(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 and ●, 2017)

DIVISION 6 - MARKET MAKERS AND OLS ODD LOT DEALERS

Rule 4-609 Appointment of OLS Odd Lot Dealers

(1) The Exchange may assign an other-listed security to an OLS Odd Lot Dealer.

Added (●, 2017)

Policy 4-609 Appointment of OLS Odd Lot Dealers

(1) The method of assigning and/or reassigning other-listed securities to an OLS Odd Lot Dealer will be determined by the Exchange.

(2) Each OLS Odd Lot Dealer may be assigned and maintain a number of other-listed securities in their odd lot inventory.

(3) If an OLS Odd Lot Dealer is requested by the Exchange to withdraw from the pool of OLS Odd Lot Dealers, the Exchange will provide the OLS Odd Lot Dealer with no less than 6 months' notice before the Exchange reassigns the odd lot inventory to another OLS Odd Lot Dealer or to a new Participating Organization.

Added (●, 2017)

Rule 4-610 Responsibilities of OLS Odd Lot Dealers

(1) Where the Exchange assigns an other-listed security to an OLS Odd Lot Dealer, the OLS Odd Lot Dealer will be responsible for guaranteeing fills at the CBBO for:

(a) incoming tradeable odd lots and the odd lot portion of mixed lots; and

(b) booked odd lots which become tradeable due to a change in the CBBO.

Added (●, 2017)

Policy 4-610 Responsibilities of OLS Odd Lot Dealers

(1) OLS Odd Lot Dealers shall maintain an odd lot market at the CBBO for immediately tradeable incoming odd lots. Booked odd lots which become tradeable due to a change in the CBBO will execute at the CBBO.

(2) Inventory of securities traded in odd lots is considered the property and the responsibility of the OLS Odd Lot Dealer.

(3) The OLS Odd Lot Dealer may assign one or more of its own Approved Trader employee(s) as its OLS Odd Lot Trader(s). The OLS Odd Lot Dealer may assign the performance of their responsibilities for trading in their assigned other-listed securities to electronic access clients. (The UMIR exemptions applicable to "marketplace trading obligations" only apply with respect to the OLS Odd Lot Dealer's odd lot activities.)

Added (●, 2017)

Rule 4-611 OLS Odd Lot Dealers Leaving Securities of Responsibility

(1) An OLS Odd Lot Dealer intending to relinquish one or more of its assigned other-listed securities shall provide the Exchange with at least 60 days' prior notice in such form as may be required by the Exchange, unless such notice period or part thereof is waived by the Exchange.

Added (●, 2017)

DIVISION 7 - OPENING

Rule 4-701 Execution of Trades at the Opening for Opening Eligible Securities

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

Amended (February 24, 2012 and **●, 2017)**

(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.

Rule 4-702 Delayed Openings for Opening Eligible Securities (Amended)

(1) ~~A security~~An Opening Eligible 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) The Market Maker or Market Surveillance Official may delay the opening of ~~a security~~an Opening Eligible 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~~Opening Eligible 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 (February 24, 2012 and ●, 2017)

Rule 4-703 Securities that are not Opening Eligible Securities

(1) Subject to Rule 3-103, securities that are not Opening Eligible Securities shall open for trading at the opening time and shall trade in the Regular Session using the normal rules of priority and allocation.

Added (●, 2017)

DIVISION 8 - POST OPENING

Rule 4-802 Allocation of Trades (Amended)

(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; or

(g) an order to buy or sell eligible foreign exchange-traded securities that is part of a cross .

Amended January 13, 2012, ~~and~~ November 16, 2015 and ●, 2017

(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) and Rule 4-801(2), 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 the Market Maker if the tradeable order is disclosed and is eligible for a Minimum Guaranteed Fill.

(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 and November 16, 2015

Policy 4-802 Allocation of Trades

(4) ~~Oddlot Facility~~Odd lot Facilities

Market Makers ~~also~~and OLS Odd Lot Dealers guarantee incoming tradeable odd lots at the CBBO. The Market Maker's and OLS Odd Lot Dealer's responsibilities in regard to odd lots are the same as ~~its~~a Market Maker's 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 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~~Odd lot fills which occur in violation of the guidelines detailed above may be cancelled by the Exchange upon request by the Market Maker or OLS Odd Lot Dealer, as applicable. Notwithstanding the above, the Exchange may cancel any trades deemed to be improper use of the Odd Lot ~~facility~~facilities, or take such other action as the Exchange considers appropriate in the circumstances.

Amended February 24, 2012, ~~and~~ November 16, 2015, and ●, 2017

DIVISION 9 - SPECIAL TRADING SESSION

Rule 4-901 General Provisions (Amended)

(1) All securities, other than eligible foreign exchange-traded 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.

Amended (●, 2017)

(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)

DIVISION 11 - SPECIAL TERMS

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;

Amended (●, 2017)

(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 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~~an exchange or is suspended from trading by the ~~recognized~~ exchange.

~~Added (February 24, 2012)~~ **Amended (●, 2017)**

PART 5 - CLEARING AND SETTLEMENT OF TRADES IN SECURITIES

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

Amended (●, 2017)

(g) a certificate not acceptable as good transfer by the transfer agent.

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.

Amended (●, 2017)

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)

APPENDIX B

CLEAN VERSION OF AMENDMENTS TO TSX RULE BOOK

PART 1 - INTERPRETATION

Rule 1-101 Definitions (Amended)

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

"**eligible foreign exchange-traded security**" means a foreign exchange-traded security as defined in National Instrument 21-101 – Marketplace Operation which has been posted for trading on the Exchange.

Added (●, 2017)

"**odd lot**" means any amount less than a board lot.

Added (●, 2017)

"**OLS Odd Lot Dealer**" means a Participating Organization assigned by the Exchange to maintain the odd lot market in one or more other-listed securities pursuant to Division 6 of Part 4 of these Rules.

Added (●, 2017)

"**OLS Odd Lot Trader**" means the Approved Trader(s) assigned by an OLS Odd Lot Dealer to fulfill its responsibilities as the OLS Odd Lot Dealer for an other-listed security.

Added (●, 2017)

"**other-listed security**" means a security listed by another exchange that is posted for trading on the Exchange.

Added (●, 2017)

"**Opening Eligible Securities**" means securities in respect of which opening trades may be executed at the calculated opening price as designated by the Exchange.

Added (●, 2017)

"**opening time**" means the time fixed by the Board for the opening of Sessions of trading in securities.

Amended (●, 2017)

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

(a) a listed security (as such term is defined herein); and

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

Amended (●, 2017)

PART 4 - TRADING OF SECURITIES

DIVISION 4 - GENERAL TRADING RULES

Rule 4-407 Advantage goes with Securities Sold

(1) Except as provided in Rule 4-407(2) and (3), 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) In all trades of other-listed 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 which has listed the security or the parties to the trade by mutual agreement.

(4) 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.

(5) 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 and ●, 2017)

DIVISION 6 - MARKET MAKERS AND OLS ODD LOT DEALERS

Rule 4-609 Appointment of OLS Odd Lot Dealers

(1) The Exchange may assign an other-listed security to an OLS Odd Lot Dealer.

Added (●, 2017)

Policy 4-609 Appointment of OLS Odd Lot Dealers

(1) The method of assigning and/or reassigning other-listed securities to an OLS Odd Lot Dealer will be determined by the Exchange.

(2) Each OLS Odd Lot Dealer may be assigned and maintain a number of other-listed securities in their odd lot inventory.

(3) If an OLS Odd Lot Dealer is requested by the Exchange to withdraw from the pool of OLS Odd Lot Dealers, the Exchange will provide the OLS Odd Lot Dealer with no less than 6 months' notice before the Exchange reassigns the odd lot inventory to another OLS Odd Lot Dealer or to a new Participating Organization.

Added (●, 2017)

Rule 4-610 Responsibilities of OLS Odd Lot Dealers

(1) Where the Exchange assigns an other-listed security to an OLS Odd Lot Dealer, the OLS Odd Lot Dealer will be responsible for guaranteeing fills at the CBBO for:

(a) incoming tradeable odd lots and the odd lot portion of mixed lots; and

(b) booked odd lots which become tradeable due to a change in the CBBO.

Added (●, 2017)

Policy 4-610 Responsibilities of OLS Odd Lot Dealers

(1) OLS Odd Lot Dealers shall maintain an odd lot market at the CBBO for immediately tradeable incoming odd lots. Booked odd lots which become tradeable due to a change in the CBBO will execute at the CBBO.

(2) Inventory of securities traded in odd lots is considered the property and the responsibility of the OLS Odd Lot Dealer.

(3) The OLS Odd Lot Dealer may assign one or more of its own Approved Trader employee(s) as its OLS Odd Lot Trader(s). The OLS Odd Lot Dealer may assign the performance of their responsibilities for trading in their assigned other-listed securities to electronic access clients. (The UMIR exemptions applicable to "marketplace trading obligations" only apply with respect to the OLS Odd Lot Dealer's odd lot activities.)

Added (●, 2017)

Rule 4-611 OLS Odd Lot Dealers Leaving Securities of Responsibility

(1) An OLS Odd Lot Dealer intending to relinquish one or more of its assigned other-listed securities shall provide the Exchange with at least 60 days' prior notice in such form as may be required by the Exchange, unless such notice period or part thereof is waived by the Exchange.

Added (●, 2017)

DIVISION 7 - OPENING

Rule 4-701 Execution of Trades at the Opening for Opening Eligible Securities

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

Amended (February 24, 2012 and ●, 2017)

(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.

Rule 4-702 Delayed Openings for Opening Eligible Securities (Amended)

(1) An Opening Eligible 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) The Market Maker or Market Surveillance Official may delay the opening of an Opening Eligible 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 Opening Eligible 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 (February 24, 2012 and ●, 2017)

Rule 4-703 Securities that are not Opening Eligible Securities

(1) Subject to Rule 3-103, securities that are not Opening Eligible Securities shall open for trading at the opening time and shall trade in the Regular Session using the normal rules of priority and allocation.

Added (●, 2017)

DIVISION 8 - POST OPENING

Rule 4-802 Allocation of Trades (Amended)

(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;

(f) part of a Designated Trade; or

(g) an order to buy or sell eligible foreign exchange-traded securities that is part of a cross .

Amended January 13, 2012, November 16, 2015 and ●, 2017

(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) and Rule 4-801(2), 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 the Market Maker if the tradeable order is disclosed and is eligible for a Minimum Guaranteed Fill.

(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 and November 16, 2015

Policy 4-802 Allocation of Trades

(4) Odd lot Facilities

Market Makers and OLS Odd Lot Dealers guarantee incoming tradeable odd lots at the CBBO. The Market Maker's and OLS Odd Lot Dealer’s responsibilities in regard to odd lots are the same as a Market Maker’s 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 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.

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

Amended February 24, 2012, November 16, 2015, and ●, 2017

DIVISION 9 - SPECIAL TRADING SESSION

Rule 4-901 General Provisions (Amended)

(1) All securities, other than eligible foreign exchange-traded 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.

Amended (●, 2017)

(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)

DIVISION 11 - SPECIAL TERMS

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 securities made during the Regular Session will be at the bid price of the 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;

Amended (●, 2017)

(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 Requirements

(1) The Exchange, in its discretion, may post for trading securities that are listed by another exchange.

(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 an exchange or is suspended from trading by the exchange.

Amended (●, 2017)

PART 5 - CLEARING AND SETTLEMENT OF TRADES IN SECURITIES

Rule 5-203 Certificates Not Good Delivery

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

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(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 securities traded on the Exchange is subject to the same restriction or unless the trade was made subject to that restriction; or

Amended (●, 2017)

(g) a certificate not acceptable as good transfer by the transfer agent.

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 securities.

Amended (●, 2017)

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)