

T SX

DRK™



BEST OF BOTH WORLDS

TSX DRK is a dark pool with deep liquidity and rich functionality, offering several advantages over other dark markets.

With a variety of unique features to accommodate a wide range of dark strategies, TSX DRK provides investors the flexibility to trade displayed and non-displayed order flows, employ active and passive posting strategies, and execute large trades while managing information leakage.

HIGHLIGHTS

DEPTH OF LIQUIDITY

- TSX DRK is Canada's leading alternative dark pool
- Option of accessing dark-only liquidity or combined with displayed liquidity from Canada's largest pool of liquidity
- Lowest cost in Canada for potential dark price improving liquidity

BEST EXECUTION

- 98% of traded dark volume resulted in price improvement¹
- 80% of traded dark volume was at the midpoint or better¹

LOW COST

- One of the least expensive overall first-route options for dark price-improving liquidity
- A less expensive alternative for passively posted TSX DRK liquidity

RICH FUNCTIONALITY

- Minimum Quantity and minimum interaction
- Size features provide participants with control over the environment under which a trade can be executed
- Maximum protection from market impact as a result of information leakage
- Variety of pegged order types, including midpoint, primary, market and minimum price improvements (MPI)
- Conditional orders provide an environment for like-minded investors to execute against one another

INCREASED INTERACTIONS

- Resting dark orders benefit from the choice to interact only with TSX DRK liquidity, or have access to all active order flow

TRANSPARENCY OF TRADING

- TSX DRK trades are marked publicly with the "isDark" tag
- SDL™ & PDL™ orders will be marked as 'DarkLiquidity'

INTRODUCING OUR NEW TSX DRK ORDER TYPE

PDL - PROVIDE DRK LIQUIDITY

OVERVIEW

TSX DRK is a 'grey' market that provides investors the flexibility of interacting with displayed and non-displayed orders. Provide Dark Liquidity™ (PDL) is a new order solution for passive client strategies that minimizes possible adverse selection by only interacting with other dark orders, and avoiding spread crossing liquidity.

Combined with Seek Dark Liquidity™ (SDL), conditional orders and pegged order types, TSX DRK now offers a comprehensive and uniquely dark experience for accessing deep pools of liquidity in Canada.

KEY BENEFITS

- Interacts only with dark orders (no lit to TSX DRK interaction)
- Gives users the ability to choose their passive TSX DRK interactions either through use of PDL or all active liquidity using the current TSX DRK order type
- Provides passive order solution for client strategies
- Prevents wash trading with Self-Trade Prevention 'NoTrade' feature

CONDITIONAL ORDERS

OVERVIEW

TSX DRK Conditional supports larger-sized orders and allows market participants to be represented anonymously in conditional markets simultaneously without interacting with orders in the visible Central Limit Order Book. The order size and price are visible only to participants that entered conditional orders with contra-side matching managed through our trading system. With conditional orders, investors can reduce the risk of overfilling or double execution, access natural block liquidity, and potentially minimize market impact.

KEY BENEFITS

- Requires large orders, greater than 50 boardlots and \$30,000, or \$100,000 assuring only larger executions - global minimum size
- Trades at the midpoint only - Potential price improvement
- Reduces missed dark trading opportunities - No locked-in period with conditionals opt-in
- Reduces leakage, cancels and missed trading opportunities with short firm-up period
- Opportunity to complete order and size without entering another order - Conditions residual opt-in to TSX DRK
- Improves behaviour, integrity and quality of facility - enhanced enforcement
- Achieve fair trade allocation on a pro-rata basis

TSX DRK ORDER FEATURES

DRK LIMIT

Can be entered at any price, allowing for the provision of dark liquidity at set prices. DRK Limit orders will trade upon entry with resting contra dark price-improving liquidity as well as visible liquidity at the Protected NBBO.

BENEFITS

Resting dark orders benefit from access to natural active order flow already drawn towards Canada's deepest pool of visible liquidity, at no cost.

DRK MIDPOINT PEG

Pegs to the midpoint of the Protected National Best Bid and Offer (NBBO), which could be a full or half-tick increment. A DRK Midpoint Peg order is eligible for execution so long as its defined limit price is equal to or more aggressive than the midpoint of the Protected NBBO reference price.

BENEFITS

Enables the user to maintain pricing position relative to the NBBO to ensure the order is always available for execution in the dark at the midpoint.

DRK PRIMARY PEG

Pegs to the same-side Protected NBBO, and can be entered with an optional aggressive or passive offset. The DRK Primary Peg order will automatically adjust its pegged value as the quote moves over time, subject to its stated limit.

BENEFITS

Enables the user to maintain pricing position relative to same-side NBBO to ensure the order is always available for execution in the dark at the desired reference value.

DRK MARKET PEG

Pegs to the opposite-side Protected NBBO, however only passive offsets will be accepted. The DRK Market Peg order will automatically adjust its pegged value as the quote moves over time, subject to its stated limit.

BENEFITS

Provides the participant the opportunity to define and maintain its pricing position based on the amount of spread it is willing to give up relative to the opposite-side NBBO.

DRK MPI PEG

Similar to a DRK Primary Peg with a one-tick aggressive offset, except that it will book at the same-side NBBO where the pegged value would otherwise be the midpoint of the Protected NBBO spread. The Minimum Price Improvement (MPI) Peg order will automatically adjust its pegged value as the quote moves over time, subject to its stated limit.

BENEFITS

Enables the user to participate against incoming orders in exchange for the minimum required price improvement, except where doing so requires paying half of the spread.

SDL™

The Seek Dark Liquidity™ (SDL) order feature enables participants to ensure their IOC and FOK orders will only execute against dark resting orders.

BENEFITS

Allows for integration of TSX DRK into a dealer's multi-venue routing strategy where attempting to access dark liquidity only, or where sweeping dark markets before visible markets.

Gives participants the ability to execute a trading strategy seeking dark price improvement across dark venues before a visible sweep, while benefiting from very low SDL fees.

PDL™

The Provide Dark Liquidity™ (PDL) order feature is a TSX DRK only order that has the option to interact with all dark orders (SDL, Pegged) or only actively seeking dark orders (SDL, IOC).

BENEFITS

Allows for integration of TSX DRK into a dealer's multi-venue passive routing strategy where attempting to access dark liquidity only.

Gives participants, particularly liquidity providers and algo/institutional clients the benefit of only interacting with active TSX DRK liquidity and posted DRK orders, while avoiding spread crossing liquidity.

OPTIONAL DARK ORDER INSTRUCTIONS

MINIMUM QUANTITY AND MINIMUM INTERACTION SIZE

Minimum Quantity (MinQty) is an optional instruction that may be submitted on TSX DRK orders. This instruction will prevent TSX DRK orders from participating in a trade unless the total tradable volume of the order meets or exceeds the volume specified in the MinQty instruction.

Minimum Interaction Size (MIS) is an optional instruction that may be submitted on TSX DRK orders. This instruction will prevent TSX DRK orders from being allocated a fill against a contra-side order unless the contra-side order size meets or exceeds the volume specified in the MIS instruction.

BENEFITS

Both optional order instructions are useful tools for participants to help prevent information leakage and can allow increased selectivity as to the type of contra-side liquidity.

Increases effectiveness in finding large contra-side liquidity.

Reduces risk of detection by small-sized contra-side orders.

POST ONLY

Use of Post Only on a TSX DRK order will prevent the order from trading upon entry. It will instead book the order at its applicable pegged value or limit, or will reject if any part is immediately executable with a visible order.

BENEFITS

Enables participants to preference interaction with incoming order flow over immediacy of execution.

Beneficial for participants who wish to provide price improvement but are fee-sensitive.

FEE SCHEDULE: TSX DRK

TSX and TSX/V DRK Fee Schedule (New)

| | EQUITIES | | | ETF'S | |
|------------------------------|-----------|---------------|----------|---------------|----------|
| | <\$1.00 | \$1.00-\$5.00 | >\$5.00 | \$1.00-\$5.00 | >\$5.00 |
| Seek Dark Liquidity | | | | | |
| - with SDL or pegged IOC/FOK | \$0 | \$0.0002 | \$0.0004 | \$0.0002 | \$0.0004 |
| - Max/trade/side | \$0 | \$5 | \$5 | \$5 | \$5 |
| Provide Dark Liquidity | | | | | |
| - with PDL | \$0.0001 | \$0.0004 | \$0.0008 | \$0.0004 | \$0.0008 |
| - Max/trade/side | \$5 | \$10 | \$10 | \$10 | \$10 |
| Passive Dark | \$0 | \$0 | \$0 | \$0 | \$0 |
| Conditional Trades | \$0.00005 | \$0.0003 | \$0.0008 | \$0.0003 | \$0.0008 |
| - Max/trade/side | \$5 | \$10 | \$10 | \$10 | \$10 |

For more information on TSX DRK

Please contact a member of our Account Management Team.

PAUL DIMTSIS

paul.dimtsis@tmx.com

JON SCHNEIDER

jon.schneider@tmx.com

BRADY WILSON

brady.wilson@tmx.com

MICHAEL TINTINAGLIA

michael.tintinaglia@tmx.com

Alternatively, you can email:

trading_sales@tmx.com



[tmx.com](https://www.tmx.com)

© 2022 TSX Inc. All rights reserved. Do not copy, sell or modify this document without TSX Inc.'s prior written consent. This information is provided for information purposes only. This document is not intended to provide legal, accounting, tax, investment, financial or other advice and should not be relied upon for such advice. This product sheet is a summary of certain key features and products available on Toronto Stock Exchange, TSX Venture Exchange and TSX Alpha Exchange. For full information please consult the Order and Functionality Guides. Neither TMX Group Limited, nor any of their affiliated companies guarantees the completeness of the information contained in this document and we are not responsible for any errors or omissions in or your use of, or reliance on, the information. This publication is not intended to provide legal, accounting, tax, investment, financial or other advice and should not be relied upon for such advice. The information provided is not an invitation to purchase securities listed on Toronto Stock Exchange and/or TSX Venture Exchange. Provide Dark Liquidity, PDL, Seek Dark Liquidity and SDL are the trademarks of Alpha Exchange Inc. and are used under license. TMX, the TMX design, TMX Group, Toronto Stock Exchange, TSX, TSX DRK, TSX Alpha Exchange, TSX Venture Exchange, and TSXV are the trademarks of TSX Inc.