

### 13.2.2 TSX Inc. – Notice of Approval – Amendments to the Rules of the TSX to Permit Trading of Securities Listed on Other Canadian Exchanges

#### TSX INC.

#### NOTICE OF APPROVAL

#### AMENDMENTS TO THE RULES OF THE TORONTO STOCK EXCHANGE TO PERMIT TRADING OF SECURITIES LISTED ON OTHER CANADIAN EXCHANGES

##### Introduction

In accordance with the Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals between the Ontario Securities Commission (OSC) and TSX Inc. (TSX), the OSC has approved amendments (Amendments) to the Rules of the Toronto Stock Exchange (TSX Rules) which are attached at **Appendix A**. The Amendments are public interest amendments to the TSX Rules. The Amendments were published for public comment in a request for comments on May 20, 2011 (Request for Comments).

##### Reasons for the Amendments

Clarifying the TSX Rules to permit trading in securities that are not listed by Toronto Stock Exchange allows TSX to leverage its trade execution strength in the event that it determines to trade securities that are listed by another Canadian exchange. For example, TSX may determine that it would be appropriate and beneficial to Participating Organizations (POs), investors and other stakeholders to trade securities on TSX that are listed by Alpha Exchange Inc. If such decision is taken by TSX, appropriate notice will be given to market participants so that there is no confusion in the market regarding the securities being traded on TSX. The Amendments clarify the application of the TSX Rules in such an instance.

##### Summary of the Amendments

##### *Definitions*

Definitions have been modified to capture the distinction between “listed security” (a security that is listed by Toronto Stock Exchange and traded on TSX), and “security” (a security that trades on TSX and includes both a security that is listed by Toronto Stock Exchange, and a security that is listed by another recognized exchange in Canada).

##### *General Trading Rules*

Terms are updated throughout the TSX Rules to confirm that most provisions apply to all securities. However, terminology in the market making section has not been revised as TSX will provide market-making functionality only for securities listed by Toronto Stock Exchange. Terminology in the issuer bid section of the TSX Rules also has not changed as our normal course issuer bid and debt issuer bid rules only apply to trading of issuers whose securities are listed by Toronto Stock Exchange. The buy-in provisions have been modified to confirm that buy-in procedures are provided only at TSX’s discretion.

##### *New TSX Rule 4-1201*

A new section is inserted in the TSX Rules to confirm that TSX is permitted to trade securities that are not listed by Toronto Stock Exchange. TSX Rule 4-1201 includes clarifying provisions describing TSX’s ability to remove a posted security from trading and to halt a posted security.

##### *Comment Letters*

TSX received one comment letter in response to the Request for Comments. A summary of the comment together with TSX’s response is attached at **Appendix B**.

##### *Text of the Amendments*

The Amendments are attached at **Appendix A**.

##### *Effective Date*

TSX intends to make the Amendments effective in early 2012. A notice to POs will be published prior to the effective date.

## Appendix A

**AMENDMENTS TO PERMIT TRADING OF  
SECURITIES LISTED ON OTHER CANADIAN EXCHANGES**

RULES (AS AT ●)	POLICIES
<p><b><u>PART 1 - INTERPRETATION</u></b></p> <p><b>1-101 Definitions (Amended)</b></p> <p>(1) In all Exchange Requirements, unless the subject matter or context otherwise requires:</p> <ul style="list-style-type: none"> <li>(a) defined or interpreted in section 1 of the <i>Securities Act</i> has the meaning ascribed to it in that section;</li> <li>(b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection;</li> <li>(c) defined in subsection 1.1(3) of National Instrument 14-101 Definitions has the meaning ascribed to it in that subsection;</li> <li>(d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that subsection; and</li> <li>(e) defined or interpreted in UMIR has the meaning ascribed to it in that document.</li> </ul> <p><b>Amended (April 1, 2002)</b></p>	
<p>(2) In all Exchange Requirements, unless the subject matter or context otherwise requires:</p> <p>*****</p>	
<p>“ask price” or “offer price” means the lowest price of a committed order to sell at least one board lot of a particular listed security.</p> <p><b><u>Amended (●)</u></b></p>	
<p>*****</p> <p>“better-priced limit order” means a limit order entered prior to the opening of trading of a listed 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.</p> <p><b><u>Amended (●)</u></b></p>	
<p>“bid price” means the highest price of a committed order to buy at least one board lot of a particular listed security.</p> <p><b><u>Amended (●)</u></b></p>	
<p>*****</p>	
<p>“board lot” means:</p> <p>(a) (a) 1,000 units of a listed security trading at less than \$0.10 per unit;</p>	

RULES (AS AT ●)	POLICIES
<p>(b) <del>(b)</del> 500 units of a <del>listed</del>-security trading at \$0.10 or more per unit and less than \$1.00 per unit;</p> <p>(c) <del>(c)</del> 100 units of a <del>listed</del>-security trading at more than \$1.00 per unit; and</p> <p>(d) <del>(d)</del> such other number of units of a <del>listed</del>-security as may be specified by the Exchange from time to time in respect of a particular <del>listed</del>-security or class of <del>listed</del> securities.</p> <p><b><u>Amended (●)</u></b></p>	
<p>“<b>Book</b>” means the electronic file of committed orders for <del>listed</del> securities but does not include the MOC Book.</p> <p><b><u>Amended (March 29, 2004)●</u></b></p>	
<p>*****</p>	
<p>“<b>calculated opening price</b>” or “<b>COP</b>” is the price of opening trades in a <del>listed</del>-security calculated in the manner prescribed by the Board.</p> <p><b><u>Amended (●)</u></b></p>	
<p>*****</p>	
<p>“<b>committed order</b>” means an offer to buy or sell a specific number of shares or units of a <del>listed</del>-security at a specific price that is entered in the Book and that is open for acceptance by any other Participating Organization.</p> <p><b><u>Amended (●)</u></b></p>	
<p>*****</p>	
<p>“<b>Exchange Contract</b>” means any contract:</p> <ul style="list-style-type: none"> <li>(a) to buy or sell any <del>listed</del>-security, if such contract is made through the facilities of the Exchange; or</li> <li>(b) for delivery of and payment for any <del>listed</del>-security <del>(or security which was a listed security)</del><u>security that was posted for trading on the Exchange</u> when the contract was made), arising from settlement through the Clearing Corporation.</li> </ul> <p><b><u>Amended (●)</u></b></p>	
<p>*****</p>	
<p>“<b>Last Sale Price</b>” means:</p> <ul style="list-style-type: none"> <li>(a) in respect of a MOC Security, the calculated closing price; and</li> <li>(b) in respect of any other <del>listed</del> security, the last board lot sale price of the security on the Exchange in the Regular Session.</li> </ul>	

RULES (AS AT ●)	POLICIES
<b>Amended (March 10, 2006)●</b>	
*****	
<p><b>“listed company” or “listed issuer”</b> means an issuer which has one or more classes of its securities listed for trading by the Exchange.</p> <p><u>Amended (●)</u></p>	
<p><b>“listed security”</b> means a security <u>listed by the Exchange and posted for trading on the Exchange.</u></p> <p><u>Amended (●)</u></p>	
*****	
<p><b>“program trade”</b> means one of a series of market orders in listed 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.</p> <p><u>Amended (●)</u></p>	
<p><b>“Proprietary Electronic Trading System” or “PETS”</b> means an electronic trading system operated or sponsored by a Participating Organization which matches buy and sell orders in <del>listed</del> securities, but does not include a system which solely matches orders of one Participating Organization and the clients of that Participating Organization.</p> <p><u>Amended (●)</u></p>	
*****	
<p><u>“security” when used to describe a security that trades on the Exchange means:</u></p> <ul style="list-style-type: none"> <li>(a) <u>a listed security (as such term is defined herein); and</u></li> <li>(b) <u>a security that is posted for trading on the Exchange, but not listed by the Exchange.</u></li> </ul> <p><u>Added (●)</u></p>	
<p><b>“settlement day”</b> means any Trading Day on which settlements in <del>listed</del> securities may occur through the facilities of the Clearing Corporation.</p> <p><u>Amended (●)</u></p>	
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<p><b>“Special Trading Session”</b> means a Session during which trading in a <del>listed</del> security is limited to the execution of transactions at a single price.</p>	

RULES (AS AT ●)	POLICIES
<u>Amended (●)</u>	
*****	
<p>“trading system” includes all facilities and services provided by the Exchange to facilitate trading, including, but not limited to: electronic systems for trading listed 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 operated 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.</p> <p><u>Amended (●)</u></p>	
*****	
<p><b><u>PART 2 – ACCESS TO TRADING</u></b></p> <p>*****</p> <p><b>DIVISION 4– SUPERVISION OF TRADING</b></p> <p>*****</p> <p><b>2-405 Confirmation</b></p> <p>(1) A Participating Organization that has acted in the purchase or sale of a listed security <u>on the Exchange</u> shall promptly send or deliver to its client, if any, a written confirmation of the purchase or sale setting forth the following:</p> <p>*****</p> <p><u>Amended (●)</u></p>	
<p><b><u>PART 3 – GOVERNANCE OF TRADING SESSIONS</u></b></p> <p><b>DIVISION 1 – SESSIONS</b></p> <p>*****</p> <p><b>3-102 Trades Outside of Hours for Sessions</b></p> <p>Except as approved by a Market Surveillance Official, no trade in a listed 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.</p> <p><u>Amended (●)</u></p> <p>*****</p>	

RULES (AS AT ●)	POLICIES
<p><b>3-205 General Prescriptive Power</b></p> <p>The Board may prescribe such other terms and conditions, as the Board considers appropriate in the circumstances, related to:</p> <ul style="list-style-type: none"> <li>(a) trading in <del>listed securities</del>, <u>including trading in listed securities</u> either on or off the Exchange; and</li> <li>(b) settlement of <del>trades in listed securities</del> <u>traded on the Exchange</u>.</li> </ul> <p><u>Amended (●)</u></p> <p>*****</p>	
<p><b><u>PART 4 – TRADING OF LISTED SECURITIES</u></b></p> <p><b><u>DIVISION 1 - MARKET FOR LISTED SECURITIES</u></b></p> <p>*****</p> <p><b>4-104 Proprietary Electronic Trading Systems</b></p> <p>(1) A Participating Organization may operate or sponsor a PETS provided the Participating Organization has provided to the Exchange reasonable prior notice of:</p> <ul style="list-style-type: none"> <li>(a) the intention of the Participating Organization to operate or sponsor a PETS;</li> <li>(b) the functionality of the PETS; and</li> <li>(c) any material modifications to the operation or functionality of the PETS.</li> </ul> <p>(2) The operation of a PETS shall be:</p> <ul style="list-style-type: none"> <li>(a) limited to orders for more than: <ul style="list-style-type: none"> <li>(i) 1,200 units of a <del>listed security</del> other than a debt security, and</li> <li>(i) \$10,000 in principal amount of a <del>listed security that is a debt security</del>;</li> </ul> </li> <li>(b) subject to Exchange Requirements; and</li> <li>(c) integrated with the Exchange's market.</li> </ul> <p><u>Amended (●)</u></p>	
<p>*****</p> <p><b><u>DIVISION 4 – GENERAL TRADING RULES</u></b></p> <p><b>4-401 Trading in the Book</b></p> <p>(1) The Book shall contain and display all committed orders to buy or sell a <del>listed security</del> that are made on the Exchange, unless otherwise provided by the Exchange.</p> <p>(2) Only committed orders shall participate in trading, except for trading in the special terms market.</p> <p>(3) All <del>trades in listed securities</del> on the Exchange shall be executed in the Book, unless otherwise provided by the Exchange.</p> <p><b><u>Amended (March 10, 2006)●</u></b></p>	

RULES (AS AT ●)	POLICIES						
<p>*****</p> <p><b>4-404 Minimum Ticks</b></p> <p>Until otherwise fixed by the Board, orders for <del>listed</del> securities shall only be entered on the Exchange at the following price increments:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">Increment</td> </tr> <tr> <td>Selling under \$0.50.....</td> <td style="text-align: right;">\$0.005</td> </tr> <tr> <td>Selling at \$0.50 and over .....</td> <td style="text-align: right;">\$0.010</td> </tr> </table> <p><u>Amended (●)</u></p>		Increment	Selling under \$0.50.....	\$0.005	Selling at \$0.50 and over .....	\$0.010	
	Increment						
Selling under \$0.50.....	\$0.005						
Selling at \$0.50 and over .....	\$0.010						
<p><b>4-405 Approved Traders (Sub (4) Deleted)</b></p> <p>(1) Except as permitted by the Exchange, no person shall enter orders or trade <del>listed</del> 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.</p> <p>(2) The Exchange may delegate the authority to approve persons to enter orders and trade <del>listed</del> securities on the Exchange to another self-regulatory organization designated by the Board.</p> <p><u>Amended (●)</u></p>	<p>*****</p>						
<p><b>4-406 Trades on a “When Issued” Basis</b></p> <p>(1) The Exchange may post any security to trade on a when issued basis if such security is conditionally approved for listing <del>on the Exchange</del> <u>by a recognized exchange</u>.</p> <p>(2) Unless otherwise specified, trades on a when issued basis are subject to all applicable Exchange Requirements relating to trading in a <del>listed</del> security, notwithstanding that the security is not listed.</p> <p>(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.</p> <p><u>Amended (●)</u></p>							
<p><b>4-407 Advantage Goes with Securities Sold</b></p> <p>(1) Except as provided in Rule 4-407(2), in all trades of <del>listed</del> securities <u>on the Exchange</u>, 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.</p> <p>(2) In all sales of <del>listed</del> bonds and debentures <u>on the Exchange</u>, all accrued interest shall belong to the seller unless otherwise provided by the Exchange or parties to the trade by mutual agreement.</p> <p>(3) Claims for dividends, rights or any other benefits to be distributed to holders of record of <del>listed</del> <u>these</u> securities on a certain date shall be made in accordance with the procedures established by the Clearing Corporation.</p> <p><u>Amended (●)</u></p>							

RULES (AS AT ●)	POLICIES
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<p><b>DIVISION 7 – OPENING</b></p> <p><b>4-701 Execution of Trades at the Opening</b></p> <p>(1) Subject to Rule 4-702, <del>listed</del>-securities shall open for trading at the opening time, and any opening trades shall be at the calculated opening price.</p> <p><u>Amended (●)</u></p> <p>*****</p>	
<p><b>4-702 Delayed Openings (Amended)</b></p> <p>(1) A security shall not open for trading if, at the opening time:</p> <ul style="list-style-type: none"> <li>(a) orders that are guaranteed to be filled pursuant to Rule 4-701 cannot be completely filled by offsetting orders; or</li> <li>(b) the COP exceeds price volatility parameters set by the Exchange.</li> </ul> <p>(2) The Market Maker or Market Surveillance Official may delay the opening of a security for trading on the Exchange if:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(b) the opening of another recognized <del>stock</del>-exchange where the security is <del>inter-listed</del><u>listed</u> for trading has been delayed; or</li> <li>(c) the COP is less than the permitted difference from the previous closing price for the security, but is otherwise unreasonable.</li> </ul> <p>(3) <b>Repeal proposed August 9, 2002 (pending regulatory approval)</b></p> <p>(4) If the opening of the <del>listed</del> 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.</p> <p><u>Amended (July 23, 2004)●</u></p> <p>*****</p>	
<p><b>DIVISION 9 – SPECIAL TRADING SESSION</b></p> <p><b>4-901 General Provisions (Amended)</b></p> <p>(1) All <del>listed</del>-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.</p> <p><u>Amended (●)</u></p> <p>*****</p>	



RULES (AS AT ●)	POLICIES
<p><b>DIVISION 10 – PROGRAM TRADING</b></p> <p><b>4-1001 Short Sale Exemption</b></p> <p>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.</p>	<p><b>4-1001 Short Sale Exemption</b></p> <p>(1) Definition of Program Trading for Short Sale Exemption</p> <p>For purposes of Rule 4-1001, a program trade is:</p> <ul style="list-style-type: none"> <li>(a) a simultaneous trade in <del>listed</del>-securities comprising at least 80 percent of the component share weighting of an Index that offsets a pre-existing position in: <ul style="list-style-type: none"> <li>(i) a future, the underlying interest of which is the Index,</li> <li>(ii) an option, the underlying interest of which is the Index, or</li> <li>(iii) an option, the underlying interest of which is the Index Participation Unit in respect of the Index;</li> </ul> </li> <li>(b) a trade in Index Participation Units that offsets a pre-existing position in: <ul style="list-style-type: none"> <li>(i) a future, the underlying interest of which is the Index in respect of the Index Participation Unit,</li> <li>(ii) an option, the underlying interest of which is the Index in respect of the Index Participation Unit, or</li> <li>(iii) <del>listed</del>-securities comprising at least 80 percent of the component share weighting of the Index Participation Unit; or</li> </ul> </li> <li>(c) a trade in units of a trust which is a mutual fund trust for the purposes of the <i>Income Tax Act (Canada)</i> 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: <ul style="list-style-type: none"> <li>(i) the applicable future,</li> <li>(ii) the applicable option, or</li> <li>(iii) <del>listed</del>-securities comprising at least 80 percent of the component share weighting of the portfolio of the mutual fund.</li> </ul> </li> </ul> <p><b><u>Amended (●)</u></b></p> <p>*****</p>
<p>*****</p> <p><b>4-1003 Offsetting Orders on Expiry</b></p> <p>Orders in <del>listed</del> securities that offset an expiring Index derivatives</p>	<p><b>4-1003 Offsetting Orders on Expiry</b></p> <p>(1) Definition of Program Trading for Must-Be-</p>

RULES (AS AT ●)	POLICIES
<p>position, or that substitute an equities position for an expiring Index derivatives position, shall be entered as prescribed by the Exchange.</p> <p><b><u>Amended (●)</u></b></p>	<p>Filled Orders</p> <p>For purposes of Rule 4-1003, a program trade is a simultaneous trade undertaken on the expiry date of an option or future in listed securities comprising at least 70 percent of the component share weighting of an Index where such trade offsets a pre-existing position in a future or an option the underlying interest of which is the Index.</p> <p>(2) Must-Be-Filled Order Reporting Requirements</p> <p>The following requirements apply to Must-Be-Filled Orders:</p> <p>(a) <i>Entry of Orders</i> – 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.</p> <p>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.</p> <p>The Exchange may release a ticker notice regarding material imbalances in orders for a particular listed security after the end of the reporting time.</p> <p><b><u>Amended (September 12, 2008●)</u></b></p> <p>(b) <i>Prearranged Trades</i> – 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.</p> <p>(c) <i>Automatic matching</i> – 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.</p>

RULES (AS AT ●)	POLICIES
<p>*****</p> <p><b>DIVISION 11 — SPECIAL TERMS</b></p> <p><b>4-1103 Exchange for Physicals and Contingent Option Trades</b></p> <p>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.</p>	<p><b>4-1103 Exchange for Physicals and Contingent Option Trades</b></p> <p>(1) Application</p> <p>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 listed 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 <del>listed for trading</del>traded on the Exchange for the equivalent number of <del>listed securities</del> underlying the futures contract (including an equivalent number of index participation units) on a contingent basis.</p> <p>(2) Procedure for Contingent Option Trade</p> <p>If a person to whom this Policy applies seeks to enter an order on the Exchange for a <del>listed security</del> which is contingent upon the execution of one or more trades in an options market, the following rules shall apply:</p> <ul style="list-style-type: none"> <li>(a) the trade in the <del>listed security</del> and the offsetting option trades must be for the same account;</li> <li>(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;</li> <li>(c) the options trade ticket shall be time stamped;</li> <li>(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;</li> <li>(e) the trade in the <del>listed security</del> must be within the existing market for the <del>listed security</del> on the Exchange at the time of the telephone call to Trading and Client Services;</li> <li>(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</li> </ul>

RULES (AS AT ●)	POLICIES
	<p>(g) provided the trade has been made and reported in accordance with the above rules, the Exchange shall manually execute the trade in the <del>listed</del> security as a special terms trade with the marker "MS" effective as of the time stamped on the option trade ticket.</p> <p>(3) Procedure for Exchange for Physicals</p> <p>If a person to whom this Policy applies seeks to exchange a futures contract for the equivalent number of <del>listed</del> 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:</p> <ul style="list-style-type: none"> <li>(a) the trade in the <del>listed</del> security and the trade in the futures contract must be for the same account;</li> <li>(b) the equities component may be made as a cross or as a trade between persons with trading access on the Exchange;</li> <li>(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;</li> <li>(d) the futures trade ticket shall be time stamped;</li> <li>(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;</li> <li>(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 <del>listed</del> securities made after the end of the Regular Session will be at the last sale price of the <del>listed</del> securities on the Exchange provided that where the last sale price is outside of the closing quotes for any <del>listed</del> security the price for that <del>listed</del> security shall be the bid or offer which is closest to the last sale price;</li> <li>(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</li> </ul>

RULES (AS AT ●)	POLICIES
	<p>Client Services at (416) 947-4280 within ten minutes following the time stamp on the ticket; and</p> <p>provided the trade has been made and reported in accordance with the above rules, the Exchange shall manually execute the trade in the listed securities as a special terms trade with the marker "MS" effective as of the time stamped on the futures trade ticket.</p> <p><b>Amended (September 12, 2008)●</b></p>
<p><b><u>DIVISION 12 – TRADING OF SECURITIES NOT LISTED BY THE EXCHANGE</u></b></p> <p><b><u>4-1201 Requirements</u></b></p> <p>(1) <u>The Exchange, in its discretion, may post for trading securities that are listed by another exchange recognized in a jurisdiction in Canada.</u></p> <p>(2) <u>The Exchange may remove a posted security from trading at any time without prior notice.</u></p> <p>(3) <u>The Exchange will halt the trading of a posted security if:</u></p> <p style="padding-left: 20px;"><u>(a) the security is subject to a regulatory halt; or</u></p> <p style="padding-left: 20px;"><u>(b) the security is no longer listed by a recognized exchange or is suspended from trading by the recognized exchange.</u></p> <p><b><u>Added (●)</u></b></p>	
<p><b><u>PART 5 – CLEARING AND SETTLEMENT OF TRADES IN LISTED SECURITIES</u></b></p> <p><b><u>DIVISION 1 – GENERAL SETTLEMENT RULES</u></b></p> <p><b><u>5-101 Definitions</u></b></p> <p>In this Part:</p> <p><b>"Buy-In Notice"</b> means the written notice in the form required by the Exchange to be delivered by a Participating Organization which has failed to receive listed securities to which it is entitled from another Participating Organization.</p> <p><b>"delivery" or "delivered"</b> means the transfer of listed securities through physical transfer of certificates evidencing the listed security, or by transfer of a book-based position in accordance with the rules of the Clearing Corporation.</p> <p><b>"delivering Participating Organization"</b> means a Participating Organization obligated to make settlement by delivering listed securities against payment.</p> <p><b>"depository eligible transaction"</b> 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.</p> <p><b>"first settlement cycle"</b> means the settlement cycle through the Clearing Corporation for listed securities as prescribed in the</p>	

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<p>written procedures of the Clearing Corporation.  <u>Amended (●)</u></p>	
<p><b>5-102 Clearing and Settlement</b></p> <p>(1) All <u>Exchange</u> trades in-listed 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.</p> <p>(2) <del>Trades</del><u>Exchange trades</u> 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.  <u>Amended (●)</u></p>	
<p><b>5-103 Settlement of Exchange Trades</b></p> <p>(1) Exchange trades in listed-securities shall settle on the third Settlement Day after the trade date, unless otherwise provided by the Exchange or the parties to the trade by mutual agreement.</p> <p>(2) Notwithstanding Rule 5-103(1), unless otherwise provided by the Exchange or the parties to the trade by mutual agreement:</p> <p>(a) trades on a when issued basis made:</p> <p>(i) prior to the second Trading Day before the anticipated date of issue of the security shall be settled on the anticipated date of issue of such security, and</p> <p>(ii) on or after the second Trading Day before the anticipated date of issue of the security shall settle on the third 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;</p> <p>(b) trades for rights, warrants and <input type="checkbox"/> instalment receipts made:</p> <p>(i) on the third Trading Day before the expiry or payment date shall be for special settlement on the Settlement Day before the expiry or payment date,</p> <p>(ii) on the second and first Trading Day before the expiry or payment date, shall be cash trades for next day settlement, and</p> <p>(iii) 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</p>	

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<p>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;</p> <p>(c) cash trades in <del>listed</del>-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</p> <p>(d) cash trades in <del>listed</del>-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.</p> <p>(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.</p> <p><u>Amended (●)</u></p>	
<p>*****</p> <p><b>5-108 When Security Delisted, Suspended or No Fair Market</b></p> <p>(1) The Exchange may postpone the time for delivery on Exchange Contracts if:</p> <p>(a) the listed security is delisted;</p> <p>(b) trading is suspended in the <del>listed</del>-security; or</p> <p>(c) the Exchange is of the opinion that there is not a fair market in the <del>listed</del>-security.</p> <p>(2) If the Exchange is of the opinion that a fair market in the <del>listed</del> 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.</p> <p><u>Amended (●)</u></p>	
<p><b>DIVISION 2 – OVER-THE-COUNTER SETTLEMENT</b></p> <p><b>5-201 Delivering Participating Organization Responsible for Good Delivery Form</b></p> <p>(1) Delivering Participating Organization Responsible for Form of Certificate</p> <p>The delivering Participating Organization is responsible for the genuineness and complete regularity of the <del>listed</del>-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.</p>	

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<p>(2) Where Certificates Delivered Not Acceptable to Transfer Agents</p> <p>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.</p> <p><u>Amended (●)</u></p>	
<p>*****</p> <p><b>DIVISION 3 – CLOSING OUT CONTRACTS</b></p> <p><b>5-301 Buy-ins (Amended)</b></p> <p>(1) Failed trade</p> <p>In the event that a Participating Organization fails to:</p> <ul style="list-style-type: none"> <li>(a) carry out an Exchange Contract within the time provided in the Exchange Requirements; or</li> <li>(b) settle a loan of securities as provided in Rule 5-301(2); or</li> <li>(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, <u>at the discretion of the Exchange</u>, through the buy-in procedure set out in this Division.</li> </ul> <p>(2) Security Loans</p> <p>In the absence of any agreement to the contrary, a loan of <del>listed</del> 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 third Settlement Day following the date of receipt of such notice.</p> <p>(3) Other Failed Positions</p> <p>In the absence of any agreement to the contrary, a Participating Organization shall deliver <del>listed</del> 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.</p> <p>Amended (April 3, 2000)</p>	
<p><b>5-302 Special Provisions for Buy-Ins from Securities Loans and Other Failed Positions</b></p> <p>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:</p> <ol style="list-style-type: none"> <li>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</li> </ol>	



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<p>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.</p> <ol style="list-style-type: none"> <li>2. Where the Participating Organization in default delivers the listed 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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>6. Where more than one buy-in has been arranged in connection with the same-listed securities, the Market Surveillance Official may combine any number of the trades.</li> </ol> <p><u>Amended (●)</u></p>	
<p>*****</p> <p><b>5-304 Restrictions on Participating Organizations' Involvement in Buy-ins</b></p> <ol style="list-style-type: none"> <li>(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.</li> <li>(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 listed securities provided that the principal supplying the-listed securities is not:             <ol style="list-style-type: none"> <li>(a) the Participating Organization;</li> <li>(b) an Approved Person or employee of the Participating</li> </ol> </li> </ol>	

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<p>Organization; or</p> <p>(c) an associate of any person described in Rules 5-304(2)(a) or (b).</p> <p>(3) If <del>listed</del> 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.</p> <p><u>Amended (●)</u></p>	

**Appendix B**

**SUMMARY OF COMMENTS**

One comment letter from CNSX Market Inc. (CNSX) was submitted in response to the Request for Comments published on May 20, 2011.

<b>Summary of Comment</b>	<b>TSX Response</b>
<p>CNSX has no objection to the proposal.</p> <p>CNSX currently has restrictions in its recognition order that require visible separation between its listed securities and trading of securities listed by other exchanges. To be consistent with the Amendments and with the proposal of Alpha Exchange Inc. (which permits Alpha exchange to trade both its own listed securities and those securities listed on Toronto Stock Exchange and TSX Venture Exchange), these restrictions should be removed from the CNSX recognition order.</p>	<p>TSX agrees that regulators should apply principles consistently across all marketplaces.</p>