

13.1.2 The Toronto Stock Exchange Inc. Notice of Amendments and Commission Approval - Amendments to Rule 4-106 POSIT Call Market

**THE TORONTO STOCK EXCHANGE INC. (TSX)
NOTICE OF AMENDMENTS
AND COMMISSION APPROVAL
AMENDMENTS TO RULE 4-106 POSIT CALL MARKET**

On March 13, 2003, the Commission approved amendments to TSX Rule 4-106 POSIT Call Market. The amendments provide for an additional POSIT call time, at 9:50 a.m., and will clarify the circumstances under which a POSIT match will not be conducted when a particular security has been halted or delayed by the Exchange or a Market Surveillance Official. The amendment relating to the additional POSIT call time was initially published on January 3, 2003, at (2003) 26 OSCB 143. Two comment letters were received. A summary of comments received and the response of the TSX is attached to this notice.

The amendments clarifying the circumstances under which a POSIT match will not be conducted when a particular security has been halted or delayed by the Exchange or a Market Surveillance Official were made subsequent to the publication for comment of the original proposed amendments. The subsequent amendments were made to address the comment raised by Market Regulation Services Inc. Attached to this notice is a black lined version of the amendments, indicating the changes from the previously published version.

LIST OF COMMENTERS

1. Canadian Securities Traders Association ("CSTA")
2. Market Regulation Services Inc. ("RS")

SUMMARY OF COMMENT LETTERS AND TSX RESPONSES

ISSUE AND COMMENTER	PUBLIC COMMENT	TSX RESPONSE
CSTA	The commenter anticipates no problem with adding an additional match time at 9:50 a.m.	TSX agrees that the proposed 9:50 a.m. match time will enhance the functionality of POSIT and provide an additional liquidity source to investors.
	The commenter believes that the timing and number of matches should be determined by TSX and not be subject to the Request for Comment process.	TSX believes that, under the terms of the protocol between the Exchange and the OSC regarding rule proposals, the OSC should consider future changes or additions to POSIT match times to be non-material amendments to the Rules of the Exchange that are not subject to a public comment period.
	The commenter suggests that "pop-up" reminders should be issued shortly before POSIT matches occur. The commenter notes that, currently in the United States, service providers alert users of upcoming POSIT matches and believes that the same process would encourage the use and the success of the Canadian POSIT facility.	TSX is currently in the process of evaluating the implementation of "pop-up" reminders as an added functionality to POSIT.
RS	RS notes that currently TSX Rule 4-106 of the Exchange restricts the execution of a POSIT Order for a particular security if "trading in the particular security has been halted or delayed by the Exchange or a Market Surveillance Official". As the price at which POSIT Orders execute is the mid-point between the bid price and ask price on the Exchange, consideration may be given to providing that the security must be open for trading for a minimum period of time following any halt or delay in order to ensure that the displayed bid and ask prices properly reflect the market for that security. With an initial match at 9:50 a.m. RS believes that there is an increased possibility that trading in a particular security may have been delayed from the ordinary 9:30 a.m. opening due to order imbalances. RS notes that persons with POSIT Orders may not have sufficient time to adjust or cancel their orders in response to the prevailing market following the commencement of trading after a delay or halt.	TSX proposes to revise TSX Rule 4-106 to address the comments raised by RS. In particular, Rule 4-106(4)(b)(ii) will provide that a POSIT match for a security shall not be conducted if trading in the particular security has been halted or delayed at any time during the 5-minute period immediately preceding a POSIT match time. As indicated in proposed Rule 4-106(4)(b)(i), a POSIT match for a security would not be excluded simply because a "freeze" parameter had been triggered in such security during the 5-minute period immediately preceding a POSIT match time. RS has been consulted and agrees with the proposed drafting changes.

**THE RULES
OF
THE TORONTO STOCK EXCHANGE**

The Rules of the Toronto Stock Exchange are hereby amended as follows:

1. Rule 4-106(1) shall be deleted and replaced with the following:

Establishment of Times for POSIT Calls – Unless otherwise prescribed, a POSIT Call shall occur on each Trading Day at:

- (a) 9:50 a.m.
- (b) 10:30 a.m.
- (c) 2:30 p.m.

2. Rule 4-106(4) shall be deleted and replaced with the following:

Restrictions on Execution - A POSIT Order for a particular security shall not execute if at the POSIT Match Time:

- (a) trades in the security are subject to special settlement rules issued by the Exchange in accordance with Rule 5-103(2);
- (b) trading in the particular security has been halted or delayed ~~by the Exchange or a Market Surveillance Official;~~
~~or:~~
 - (i) by the Exchange at the POSIT Match Time, or
 - (ii) by a Market Surveillance Official at any time during the 5-minute period immediately preceding the POSIT Match Time; or
- (c) there is not both an ask price and a bid price for the security.