



Notice to Participating Organizations

July 13, 2012

2012-032

Exchange Traded Fund (ETF), Exchange Traded Note (ETN) and Exchange Traded Receipt (ETR) eligibility for the TSX Market on Close facility

This notice is to announce that effective **August 10, 2012** all ETFs, ETNs and ETRs listed on the Toronto Stock Exchange (TSX) will be enabled for the TSX Market on Close (MOC) facility.

The addition of these securities is in response to feedback received from the MOC user community and the successful addition of the initial ETFs enabled on May 14, 2012 (XIU: iShares S&P/TSX 60 Index Fund ETF, HXT: Horizons S&P/TSX 60 Index ETF and ZCN: BMO Dow Jones Titian 60 index ETF).

ETF/ETN/ETR Volatility Parameters

To support market quality, ETFs, ETNs and ETRs added to the MOC facility will have their Price Movement Extension (PME) parameter set to **1%** and Closing Price Acceptance (CPA) parameter set to **3%**, which will differ from the current TSX MOC volatility parameters of PME = 3% and CPA = 10%.

MOC Volatility Parameters

Price Movement Extension Parameter

The Price Movement Extension parameter is used to determine whether or not the Calculated Closing Price (CCP) at the end of the continuous trading session is acceptable. The PME will allow a percent range off of the VWAP of the last 20 minutes of regular market trading and the last board-lot sale price from the continuous market. If the CCP exceeds the PME parameter, the symbol will be transitioned into a price movement extension state where additional offsetting liquidity may be entered.

Closing Price Acceptance Parameter

The Closing Price Acceptance parameter is used to determine whether or not the CCP at the end of the price movement extension is acceptable. The CPA will allow a percent range off of the VWAP of the last 20 minutes of regular market trading and the last board-lot sale price from the continuous market. If at the end of the price movement extension state the CCP exceeds the CPA parameter, the CCP will be the price of the limit order that will trade the most volume, leaving the least imbalance, while not exceeding the CPA range.

The MOC facility provides equal access and opportunity in setting the closing price, increased price discovery efficiency and reduced volatility of the closing price for symbols eligible for the MOC facility.



Participating Organizations should contact their TMX Account Manager with any questions:

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About TMX Group (TSX-X)

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