TSX INC.

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENTS

ENHANCEMENTS TO DARK TRADING FUNCTIONALITY

Changes
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 March 4, 2019 to:

Anastassia Tikhomirova
Legal Counsel, Regulatory Affairs
TMX Group
300-100 Adelaide Street West
Toronto, Ontario M5H 1S3
Email: tsxrequestforcomments@tsx.com

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, notice will be published to confirm completion of C   .

Background

TSX is seeking to introduce further enhancements to its current dark trading functionality by improving the Contra Midpoint Only (CMO) to better facilitate midpoint trading against orders with a similar longer-term investment objective. The enhanced CMO order type will be referred to as the Contra Midpoint Only Plus (CMO+) order. The existing CMO functionality will not persist as a separate order type upon the introduction of CMO+ to avoid unnecessary competition and confusion with the improved CMO+.

Details and Rationale

The CMO+ order will allow users to simulate the functionality of a dark midpoint match facility by limiting interactions to orders tradeable at the midpoint, and only with other orders that have a similar objective. The CMO+ also provides users with an alternative to midpoint match functionality available on standalone dark markets.

By introducing the CMO+ order, TSX is proposing to enhance the current CMO functionality as follows

irrespective of the existence of any non-CMO+ dark orders resting on the TSX order book at the same (i.e., midpoint) or better price, or with better time priority. In the circumstances where the user relies on Default Option 1, the current CMO matching functionality and all examples detailed in the November 23, 2017 Notice and Request for Comments, for the original CMO order remain the same (other than with respect to the randomized delay to be applied to the incoming CMO+ order).

Where the user chooses the Option 2 interaction setting (to allow its CMO+ order upon entry to interact with any resting dark order priced at or better than the midpoint), priority for resting orders will also follow the standard TSX priority for dark orders   price, broker, and then time   and will trade only at the midpoint of the Protected NBBO.[3] Once the CMO+ order is booked and resting on TSX, it will only interact with th d/F4 1168(O)-4(+)-7(orde)3-3(de)3(r)7( ) chs.TBT1 0 0 1 323.93 583.957m[t

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setting will require minimal to no changes. Users that wish to utilize Option 2 to interact against all dark orders will need to adopt a new optional tag in order to be able to specify this option at order entry.

Based on current planned implementation timelines, we anticipate that at least 90 days will be provided between regulatory approval of the proposed change and implementation which should be sufficient to allow adoption by those that wish to take full advantage of the CMO+ order feature.

Do the Changes Currently Exist in Other Markets or Jurisdictions

The CMO+ functionality is an extension of existing CMO functionality on TSX and TSXV, and of dark midpoint functionality available on Canadian equity marketplaces.

Randomized order delay mechanisms are currently employed on TSX Alpha Exchange and Aequitas NEO-N. In the US, Nasdaq also offers a M-ELO (Midpoint Extended Life Order) order type which applies a half-second delay to executable M-ELO upon entry.

APPENDIX A