

Notice to Participating Organizations and Members



May 5, 2009

2009-024

Introduction of the Bypass Order

Effective June 1, 2009 a single-sided bypass order will be available for Toronto Stock Exchange ("TSX") and TSX Venture Exchange ("TSXV") listed symbols that will enable trading customers to choose to execute against passive disclosed volume orders while bypassing all undisclosed volume of passive iceberg orders, Registered Trader participation and any Registered Trader MGF boardlot obligations. The introduction of the bypass order assists Participating Organizations and Members in meeting their best price obligations under the Universal Market Integrity Rules (UMIR) by executing against only the disclosed volume on TSX/TSXV before or at the time the Participant executes at an inferior price.

Please refer to IIROC's Rules Guidance Notice 09-0128 – "Specific questions related to the use of the Bypass Order Marker" dated May 1, 2009 for more information on the use of the bypass order marker under UMIR. The IIROC notice can be located through the following link:

<http://www.iiroc.ca/English/NewsRoom/Pages/IIROCNotices.aspx>

The bypass order functionality will be available in the GTE environment on or about May 15th 2009.

Bypass Cross - Reminder of Existing Functionality

The introduction of the bypass order on June 1st 2009 accompanies the bypass cross functionality that is currently available for TSX and TSXV symbols. As originally outlined in PO Notice #2008-053 dated December 3, 2008, the bypass cross, including the supporting bypass order marker, was implemented on January 19th 2009 to facilitate the entry of IIROC's "Designated Trade". The TSX/ TSXV version is a cross that will trade intact even when outside the current TSX/TSXV bid/ask without setting the last sale price and without rejecting or cross interference.

Bypass Order Functionality

The new single-sided TSX/ TSXV bypass order is a buy or sell (that can be short or short exempt) marked "bypass" which will fill only against visible volume at each price level (does not interact with undisclosed iceberg volume or Registered Trader participation or Registered Trader MGF obligation). Specifically the TSX /TSXV single-sided bypass order will function as follows:

- must be marked IOC
- must have a limit price
- must have a boardlot volume
- order entry will only be allowed during the regular trading session (currently 9:30AM-4:00PM)
- exempt from the bid/ask limit parameters
- subject to existing freeze parameters
- single-sided bypass orders marked short but not short exempt will be re-priced by to prevent violation of the short-sale tick rule
- single-sided bypass orders marked short exempt will be treated like a long sell (no short sale tick rule)
- each trade generated by a single-sided bypass orderw -1.7-ed bdildol-ttCsalrw i1.144 Tdht(1.b .144 obhu Tdhpor

- a bypass cross trade that is executed either before or after the bypass order will not set the last