

Notice to Participating Organizations and Members

January 25, 2011

2011-004

Order Protection Rule (OPR) Implementation Update Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV)

This notice is to remind Participants and Members of the February 1, 2011 effective date for the implementation of the Marketplace Order Protection Rule, and the related features offered by TSX/TSXV. The Order Protection Rule is defined in National Instrument 23-101, and requires marketplaces to establish policies and procedures that are reasonably designed to prevent trade-throughs.

TSX/TSXV Order Protection Rule Features

Details of the various options TSX/TSXV is implementing to comply with the marketplace obligations of the Order Protection Rule were previously published in PO Notice # 2010-010 and # 2010-025 and are outlined again below for your reference. Copies of these notices can be found on the TMX website: <http://www.tmx.com/en/trading/participating/2010.html>.

1. (Default) Ignore OPR for TSX Directed Action Orders (DAO)

The private DAO marker is an implicit or explicit order instruction. DAO is implied if no specific OPR instructions were provided or if the explicit DAO marker was provided (customer's choice). DAO orders will trade or book at TSX/TSXV without any attempt to protect better-priced orders on away markets. By choosing DAO (implicitly or explicitly) the sender assumes OPR responsibility on DAO orders.

2. Uphold OPR with TSX order Reprice

The private reprice marker is an explicit order instruction. Orders designated as "OPR reprice" will prevent OPR violations by only allowing trades at or better than the away market's best price before adjusting the remainder to the most aggressive price level allowed based on the away market's best price. Current rules prevent quote locking so these orders will be repriced one tick from the away market's best price.

3. Uphold OPR with TSX order Cancel

Orders designated as "OPR cancel" will prevent OPR violations by only allowing trading at or better than the away market's best price before cancelling back the remainder to prevent trading or quoting at price levels prevented by the away market's best price.

4. Uphold OPR with Route Out

Participants/Members can elect to use the "OPR Route Out" service by sending orders to the TSX Smart Order Router (SOR) to have orders routed to other marketplaces with better-priced orders. This service will be available to orders sent to the TSX SOR through a separate SOR connection.

OPR Implementation Considerations