

TSX INC.

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENTS

TSX Inc. ("TSX") is publishing this Notice of Proposed Changes in accordance with the "Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto".

The change will be effective upon approval by the Ontario Securities Commission (the "OSC") following public notice and comment. Comments should be in writing and delivered by June 2, 2014 to:

Colin Yao
Legal Counsel, Regulatory Affairs (Equity Trading)
Toronto Stock Exchange
The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2
Fax: (416) 947-4461
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
Fax: (416) 595-8940
Email: marketregulation@osc.gov.on.ca

Comments will be 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 commission staff's review.

Overview

TSX is seeking public comment on the following Proposed Changes to TSX's order types (the "Proposed Changes") to enhance self-trade order features and accept mixed lot and odd lot volumes for specialty priced crosses.

Self Trade Features

Currently the TSX Cancel Newest self-trade order instruction prevents a trade between two orders from the same broker with self-trade prevention instructions and with matching self-trade keys, by cancelling the incoming order.

To provide additional options for participants seeking to prevent or manage wash trades, TSX is proposing to introduce the following two additional self-trade prevention instructions and one self-trade management instruction:

1. Cancel Oldest Self-Trade Prevention

The proposed Cancel Oldest self-trade prevention instruction will prevent an incoming order from executing against a passive order from the same broker with a self-trade prevention instruction and matching self-trade keys. The passive order will be cancelled and the active order will trade up or down to its limit, booking any remaining volume if eligible.

2. Decrement Largest and Cancel Smallest Self-Trade Prevention

The Decrement Largest and Cancel Smallest self-trade prevention instruction will prevent an incoming order from executing against a passive order from the same broker with a self-trade prevention instruction and matching self-trade keys.

- If both orders are equivalent size both orders will be cancelled.
- If orders are not equivalent in size, the smaller order will be cancelled and the larger order will be decremented by the size of the smaller order.
- If the larger order was passive the remaining volume will continue to rest in the book.
- If the larger order was active the balance of the order will trade up or down to its limit, booking any remaining volume if eligible.

3. Self-Trade Management

The Self-trade management instruction is applied on an order by order basis permitting an incoming order to execute with a passive order from the same broker with a self trade management instruction and matching self-trade keys. This trade will be suppressed from the public feed, however is reported to IROC in a standardized form via a real-time regulatory feed. Self-trade management applies only to unintentional self-trading and therefore does not affect the current handling of Crosses. The unique trading key provided by the participant for Self-Trade Management is intended for use only on buy and sell orders for accounts that may result in trades where there is no change in beneficial ownership.

TSX Specialty Priced Crosses

Specialty priced crosses (Basis, Contingent, STS, VWAP) will be accepted with mixed lot and odd lot volumes. Contingent crosses with mixed lot volumes will be permitted to establish a last sale price in the same manner as a board lot contingent cross.

Expected Date of Implementation

The Proposed Changes are expected to become effective in November 2014.

Rationale for the Proposal

The Proposed Changes are related to self trade prevention and management features, introduced to assist market participants in preventing wash trades. These changes will

provide more opportunities for individuals to participate on both sides of the market without unintentionally violating ‘wash trading’ rules described in UMIR 2.2. The Proposed Change related to specialty priced crosses has been requested by participants of the TSX and is a common feature available in the Canadian market.

Expected Impact on the Market Structure

The Proposed Changes are expected to have a positive impact on market structure as they will provide TSX participants with a number of options when complying with regulatory requirements for wash trades.

The specialty priced cross changes will provide participants with the ability to place additional volume on the public feed contributing to post trade price discovery.

Expected Impact of Amendments on the Exchange’s Compliance with Ontario Securities Law and in particular on requirements for Fair Access and Maintenance of Fair and Orderly Markets

We believe that the Proposed Changes are in full compliance with Ontario securities law and in particular on requirements for fair access and maintenance of fair and orderly markets. The changes being proposed do not introduce barriers to access the TSX and are already in use on a number of marketplaces in the Canadian market.

Estimated Time Required by Members and Service Vendors to Modify Their Own Systems (or Why a Reasonable Estimate was Not Provided)

The Proposed Changes are optional order instructions. TSX will utilize the same tags and tag values for these optional features which are currently used in the Canadian market. Therefore we do not anticipate that members or service vendors will need to modify their systems to use these optional order features.

Does this Approach Currently Exist in Other Markets or Jurisdictions

The Proposed Changes are all currently available in the Canadian market as listed in the table below:

Feature	Marketplace
Self-Trade Management	Alpha
Cancel Oldest	Chi-X, CX2, Omega, Lynx
Decrement and Cancel	Chi-X, CX2
Mixed Lot and Odd Lot Specialty priced crosses	Chi-X, CX2, Omega, Lynx, Canadian Securities Exchange

