

13.1.3 TSX Inc. – Amendments to Remove Imbedded Opening and Closing Times from TSX Rules

TSX INC.

AMENDMENTS TO REMOVE IMBEDDED OPENING and CLOSING TIMES FROM THE RULES OF THE TORONTO STOCK EXCHANGE

RULES (AS AT JULY, 2007)	POLICIES
<p><b><u>PART 1 - INTERPRETATION</u></b></p> <p><b>1-101 Definitions (Amended)</b></p> <p>(1) In all Exchange Requirements, unless the subject matter or context otherwise requires:</p> <ul style="list-style-type: none"> <li>(a) defined or interpreted in section 1 of the <i>Securities Act</i> has the meaning ascribed to it in that section;</li> <li>(b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection;</li> <li>(c) defined in subsection 1.1(3) of National Instrument 14-101 Definitions has the meaning ascribed to it in that subsection;</li> <li>(d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that subsection; and</li> <li>(e) defined or interpreted in UMIR has the meaning ascribed to it in that document.</li> </ul> <p><b>Amended (April 1, 2002)</b></p> <p>(2) In all Exchange Requirements, unless the subject matter or context otherwise requires:</p> <p>*****</p> <p>“<b>closing time</b>” means the time fixed by the Board for the end of a Session.</p> <p><b>Added [•]</b></p> <p>*****</p> <p>“<b>MOC Book</b>” means the electronic file that holds MOC Orders.</p> <p><b>Amended [•]</b></p> <p>*****</p>	

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<p><b><u>PART 3 – GOVERNANCE OF TRADING SESSIONS</u></b></p> <p><b>DIVISION 1 – SESSIONS</b></p> <p><b>3-101 Date and Time of Sessions</b></p> <p>(1) The Exchange shall be open for Sessions on each Business Day.</p> <p>(2) The Board shall determine the opening time and closing time of Sessions.</p> <p><b>Amended [•]</b></p>	
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<p><b><u>PART 4 – TRADING OF LISTED SECURITIES</u></b></p>	
<p><b>DIVISION 7 – OPENING</b></p> <p><b>4-701 Execution of Trades at the Opening</b></p> <p>(1) Subject to Rule 4-702, listed securities shall open for trading at the opening time, and any opening trades shall be at the calculated opening price.</p> <p>(2) The following orders shall be completely filled at the opening:</p> <ul style="list-style-type: none"> <li>(a) market orders and better-priced limit orders for client accounts;</li> <li>(b) MBF orders;</li> <li>(c) market orders and better-priced limit orders for non-client accounts that were entered prior to the two minutes immediately preceding the opening time; and</li> <li>(d) market orders and better-priced limit orders for non-client accounts that were entered during the two minutes immediately preceding the opening time where the opening of the security is delayed pursuant to Rule 4-702, or where the order affected the Calculated Opening Price.</li> </ul> <p><b>Amended [•]</b></p> <p>(3) The following orders are eligible to participate in the opening but are not guaranteed to be filled:</p> <ul style="list-style-type: none"> <li>(a) <b>Repealed (August 7, 2001)</b></li> <li>(b) limit orders at the opening price; and</li> <li>(c) market orders and better-priced limit orders for non-client accounts that were entered</li> </ul>	

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<p>during the two minutes immediately preceding the opening time and that did not affect the Calculated Opening Price, where the security opens at the opening time.</p> <p><b>Amended [•]</b></p> <p>*****</p>	
<p><b>DIVISION 9 – SPECIAL TRADING SESSION</b></p> <p>*****</p>	
<p><b>4-902 Market-On-Close</b></p> <p>(1) Eligible Securities</p> <p>MOC Orders may only be entered for MOC Securities.</p> <p>(2) Board Lots</p> <p>A MOC Order must be for a board lot or an integral multiple of a board lot of a MOC Security.</p> <p>(3) MOC Order Entry</p> <p>(a) MOC Market Orders may be entered, cancelled and modified in the MOC Book on each Trading Day <del>beginning at a time determined by the Exchange and ending at from 7:00 a.m. until</del> the time the MOC Imbalance is broadcast. MOC Market Orders may not be cancelled or modified after the MOC Imbalance is broadcast.</p> <p>(b) The MOC Imbalance is calculated and broadcast on each Trading Day at <del>a time determined by twenty minutes before</del> the <del>Exchange closing time</del>.</p> <p>(c) The indicative calculated closing price for each MOC Security is broadcast on each Trading Day at <del>a time determined by ten minutes before</del> the <del>Exchange closing time</del>.</p> <p>(d) Following the broadcast of the MOC Imbalance, until the closing time on each Trading Day, MOC Limit Orders may be entered in the MOC Book on the contra side of the MOC Imbalance. MOC Limit Orders may be cancelled until the closing time.</p> <p>(e) In the event of a delay of the Closing Call for a MOC Security, MOC Limit Orders may be entered in the MOC Book for such security on the contra side of the MOC Imbalance for a period of <del>time determined by ten minutes</del> <u>after the Exchange closing time</u>. MOC Limit Orders may not be cancelled during this time period.</p>	

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<p><b>Amended [•]</b></p> <p>(4) Closing Call</p> <p>(a) The Closing Call shall occur on each Trading Day at the closing time. The Closing Call in a MOC Security shall be delayed for a period of <del>time determined by the Exchange</del> <u>ten minutes</u> in the event that the price that would be the calculated closing price for the MOC Security exceeds the volatility parameters determined by the Exchange. The Exchange will forthwith broadcast a message identifying the MOC Security that is subject to the delay.</p> <p>(b) In the event that the price that would be the calculated closing price for a MOC Security exceeds the closing price acceptance parameters determined by the Exchange at the end of the delay period set out in Rule 4-902(4)(a), the calculated closing price for the MOC Security will be the price at which most shares will trade, leaving the least imbalance, where the price does not exceed the closing price acceptance parameters determined by the Exchange for such security.</p> <p><b>Amended [•]</b></p> <p>*****</p>	
<p><b>DIVISION 10 – PROGRAM TRADING</b></p> <p>*****</p>	
<p><b>4-1003 Offsetting Orders on Expiry</b></p> <p>Orders in listed securities that offset an expiring Index derivatives position, or that substitute an equities position for an expiring Index derivatives position, shall be entered as prescribed by the Exchange.</p>	<p><b>4-1003 Offsetting Orders on Expiry</b></p> <p>(1) Definition of Program Trading for Must-Be-Filled Orders</p> <p>For purposes of Rule 4-1003, a program trade is a simultaneous trade undertaken on the expiry date of an option or future in listed securities comprising at least 70 percent of the component share weighting of an Index where such trade offsets a per-existing position in a future or an option the underlying interest of which is the Index.</p> <p>(2) Must-Be-Filled Order Reporting Requirements</p> <p>The following requirements apply to Must-Be-Filled Orders:</p> <p>(a) <i>Entry of Orders</i> – A Must-Be-Filled Order shall be entered on the day prior to the expiry date (normally a Thursday) during the Special Trading Session or at such other times as may</p>

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	<p>be required or permitted by the Exchange (the "reporting time"). An order for a program trade may be entered at a time other than the reporting time only with the consent of the Exchange.</p> <p>A Must-Be-Filled Order may be cancelled prior to the end of the reporting time through normal cancellation and correction procedures. After the end of the reporting time, each Must-Be-Filled Order is committed and may be withdrawn from the trading system only with the consent of the Exchange.</p> <p>The Exchange may release a ticker notice regarding material imbalances in orders for a particular listed security after the end of the reporting time.</p> <p>(b) <i>Prearranged Trades</i> – A Participating Organization with both sides of a program trade arranged may enter the orders at a time other than during the reporting time. The trading system will seek out such orders and will cross them automatically where possible.</p> <p>(c) <i>Automatic matching</i> – The trading system will automatically match all program trades, market orders and better-priced limit orders where possible. Any imbalance after matching of these orders will be included in the regular opening following the normal allocation rules and receive the calculated opening price. Market orders and better-priced limit orders will be filled first against an imbalance of large program trades.</p>
<p><b>DIVISION 11 — SPECIAL TERMS</b></p> <p>*****</p>	
<p><b>4-1103 Exchange for Physicals and Contingent Option Trades</b></p> <p>Orders which are conditional upon a simultaneous trade in a derivative on another exchange shall be special terms trades and shall be traded in accordance with the prescribed procedures and conditions.</p>	<p><b>4-1103 Exchange for Physicals and Contingent Option Trades</b></p> <p>(1) Application</p> <p>This Policy applies to each person who has been granted trading access to the Exchange and who seeks to enter an order on the Exchange for a listed security which is contingent upon the execution of one or more trades in an option on the Montreal Exchange or who seeks to exchange an index futures contract that is listed for trading on the Exchange for the equivalent number of listed securities underlying the futures contract (including an equivalent number of index participation units) on a contingent basis.</p>

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	<p>(2) Procedure for Contingent Option Trade</p> <p>If a person to whom this Policy applies seeks to enter an order on the Exchange for a listed security which is contingent upon the execution of one or more trades in an options market, the following rules shall apply:</p> <ul style="list-style-type: none"> <li>(a) the trade in the listed security and the offsetting option trades must be for the same account;</li> <li>(b) the option portion of the trade must be approved by a floor governor or other exchange official of the stock exchange on which the option is listed and such approval shall be evidenced by the initials of the governor or official on the options trade ticket;</li> <li>(c) the options trade ticket shall be time stamped;</li> <li>(d) the person shall telephone Trading and Client Services of the Exchange at (416) 947-4440 and provide the details of the contingent trade including the name of the person with trading access to the Exchange with whom the contingent trade has been made;</li> <li>(e) the trade in the listed security must be within the existing market for the listed security on the Exchange at the time of the telephone call to Trading and Client Services;</li> <li>(f) a copy of the options trade ticket as initialled by a floor governor or exchange official and time stamped shall be provided by facsimile transmission to Trading and Client Services at (416) 947-4280 within ten minutes following the time stamp on the ticket; and</li> <li>(g) provided the trade has been made and reported in accordance with the above rules, the Exchange shall manually execute the trade in the listed security as a special terms trade with the marker "MS" effective as of the time stamped on the option trade ticket.</li> </ul> <p>(3) Procedure for Exchange for Physicals</p> <p>If a person to whom this Policy applies seeks to exchange a futures contract for the equivalent number of listed securities underlying the futures contract (including an equivalent number of units of the applicable Index Participation Fund or mutual fund), the following provisions shall apply:</p>

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	<p>(a) the trade in the listed security and the trade in the futures contract must be for the same account;</p> <p>(b) the equities component may be made as a cross or as a trade between persons with trading access on the Exchange;</p> <p>(c) the futures portion of the trade must be approved by a floor governor or other exchange official of the stock exchange on which the future is listed and such approval shall be evidenced by the initials of the governor or official on the futures trade ticket;</p> <p>(d) the futures trade ticket shall be time stamped;</p> <p>(e) the person shall telephone Trading and Client Services of the Exchange at (416) 947-4440 and provide the details of the exchange including the name of the person with trading access to the Exchange with whom the exchange has been made;</p> <p>(f) the trade in the listed securities made during the Regular Session will be at the bid price of the listed securities on the Exchange at the time of the telephone call to Trading and Client Services and the trade in listed securities made after the end of the Regular Session will be at the last sale price of the listed securities on the Exchange provided that where the last sale price is outside of the closing quotes for any listed security the price for that listed security shall be the bid or offer which is closest to the last sale price;</p> <p><b>Amended [•]</b></p> <p>*****</p>
<p><b><u>PART 5 – CLEARING AND SETTLEMENT OF TRADES IN LISTED SECURITIES</u></b></p>	
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RULES (AS AT JULY, 2007)	POLICIES
<p><b>DIVISION 3 – CLOSING OUT CONTRACTS</b></p> <p>*****</p>	
<p><b>5-303 Failed Trade in Rights, Warrants and Instalment Receipts</b></p> <p>(1) Notwithstanding Rule 5-301, should fail positions in rights, warrants or installment receipts exist on the expiry or payment date, purchasing Participating Organizations have the option of demanding delivery of the securities into which the rights, warrants or installment receipts are exercisable, any additional subscription privilege, and any subscription fee payable to a Participating Organization, that may be available, such demand shall be made before the closing time on the expiry date.</p> <p><b>Amended [•]</b></p> <p>*****</p>	