



Toronto Stock  
Exchange

TSX Venture  
Exchange

# Market on Close

a facility of TMX Markets for handling MOC orders.

## Frequently Asked Questions (FAQs)

### 1. Why did TMX Markets implement a Market On Close (MOC) facility?

TMX Markets implemented a MOC facility to:

- provide equal access and opportunity in setting the closing price;
- reduce volatility at the close;
- guarantee anonymity of broker numbers and volumes in the close.

### 2. Who can use MOC?

MOC is accessible to all Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV) Participants and Sponsored Direct Access Participants.

### 3. Does my trade station support MOC functionality?

All trade station functionality questions should be directed to your trade station vendor.

### 4. Do I have to use the MOC facility?

No. The use of the MOC facility is voluntary.

### 5. Do I have to use my broker to enter my MOC orders?

No. If you have sponsored direct market access you may enter your own MOC orders.

### 6. What stocks participate in the MOC facility?

All stocks included in the S&P/TSX Composite Index, S&P/TSX Venture 30 Index, S&P/TSX Global Gold Index, S&P/TSX Global Mining Index and S&P/TSX Small Cap Index are MOC eligible. TMX Markets has the ability to add and delete stocks as per request and as needed from the MOC facility.

### 7. What kind of orders can I put into the MOC book?

MOC market orders and limit orders can be entered into the MOC book, subject to restrictions (see question below).

### 8. When can I put my orders into the MOC book?

MOC market orders can be entered into the MOC book from 7:00 a.m. to 3:40 p.m. Imbalance offsetting MOC limit orders can be entered into the MOC book (if the symbol has an imbalance) between 3:40 p.m. and 4:00 p.m. and potentially 4:00 p.m. to 4:10 p.m. (if the price movement extension is invoked).

### 9. Is there a minimum order size?

The minimum order size is one board lot (i.e. 100 shares).

### 10. Can I cancel or change former order (CFO) my MOC orders?

MOC market orders can only be cancelled prior to 3:40 p.m. MOC limit orders can only be cancelled between 3:40 p.m. and 4:00 p.m. MOC limit orders between 4:00 p.m. and 4:10 p.m. (PME) cannot be CFO'd or cancelled.

### 11. Can I enter an anonymous MOC order?

Yes.

### 12. When is the last possible time that I can place a MOC market order?

You may enter a Buy, Sell, CFO, or cancel MOC order up to 3:40 p.m. At 3:40 p.m. the MOC book is locked for MOC market orders.

### 13. Do you publish a MOC imbalance?

A MOC imbalance is calculated and published to the trading community at 3:40 p.m.

### 14. How is the MOC imbalance published?

TMX Markets disseminates MOC imbalance information at 3:40 p.m. and price movement extension information at 4:00 p.m. on TMX.com and via the following data feeds: TBF, TL1, TL2, CBF, CL1, CL2 and the TSX and TSX Venture Level 1 and Level 2 QuantumFeeds.

### 15. Why are only offsetting orders allowed during the imbalance broadcast and blind offset session?

This session is intended to solicit offsetting liquidity. Limit orders force market participants to enter their best price, thereby promoting price discovery.

### 16. Will the offsetting MOC limit orders result in an imbalance to be updated and rebroadcast?

No. Offsetting real-time as offsetting orders entered into the MOC book have a limit price that may or may not trade when the books are combined and therefore do not change the imbalance.

## TMX Group

### Equities

Toronto Stock Exchange  
TSX Venture Exchange  
TMX Select  
Equicom

### Derivatives

Montréal Exchange  
CDCC  
Montréal Climate Exchange

### Fixed Income

Shorcan

### Energy

NGX

### Data

TMX Datalinx  
TMX Atrium  
PC Bond



Toronto Stock  
Exchange

TSX Venture  
Exchange

### 17. I tried to enter an offsetting limit order at 3:45 p.m. But the order was rejected. Why did this happen?

Check your order's volume and price. The MOC book will only accept offsetting MOC limit orders that are equal to or less than the posted imbalance with a price that is within of the preceding last board-lot sale price by:

- +/- 3% on TSX
- +/- 5% on TSXV

### 18. How do you curb volatility at the close?

There are several ways that we try to mitigate volatility at the close:

- Hidden closing book
- Blind closing auction
- Price volatility parameters

### 19. Why use a closing auction to set the closing price?

A closing auction provides all market participants with an opportunity to participate in setting the closing price.

### 20. How does the closing price get calculated?

The Calculated Closing Price (CCP) will be derived from similar logic used at the opening (i.e. the price at which the most shares trade; leaving the least imbalance and closest to the last sale.)

### 21. Why is there a volatility parameter at the close?

A price volatility parameter prevents unexpected closing prices by alerting participants to provide additional liquidity.

### 22. What is the price movement extension?

A price movement extension provides the market with a ten-minute opportunity to react to significant movement in the closing price.

### 23. What conditions will result in the price movement extension?

A price movement extension will be invoked when the CCP is greater than a +/-3% on TSX and +/- 5% on TSXV (price volatility parameter) variance from both the VWAP of the last 20 minutes of regular market trading and the last board-lot sale price from the continuous market.

### 24. How long does the price movement extension last?

The price movement extension provides an additional 10-minute period for entry of offsetting MOC limit orders.

### 25. Why hide the book between 4:00 p.m. And 4:10 p.m.?

A hidden book ensures market participants react to the CCP rather than to "who" is in the book and for "how much".

### 26. Why don't you accept orders on both sides of the market between 4:00 p.m. And 4:10 p.m. Rather than offsetting only?

The 4:00 p.m. to 4:10 p.m. session is intended to solicit new liquidity to offset the posted imbalance. It also prevents the imbalance from "flipping" sides.

### 27. Can the MOC imbalance flip sides?

No. The MOC imbalance cannot flip sides.

### 28. What if the MOC book is balanced or there are no MOC market orders at 3:40 p.m.?

If the MOC book is balanced, or there are no MOC balanced orders at 3:40 p.m., the stock will close at the last board-lot sale price. MOC orders will be matched at this price.

### 29. What is the Closing Price Acceptance (CPA) parameter?

The Closing Price Acceptance parameter is used to determine whether or not the CCP at the end of the price movement extension is acceptable. The CPA will allow a 10% on TSX and 15% on TSXV range off of the VWAP of the last 20 minutes of regular market trading and the last board-lot sale price from the continuous market.

### 30. What happens if the CCP exceeds the closing price acceptance parameter?

In the event that a stock goes into Price Movement Extension and at the end of that period has a Calculated Closing Price (CCP) exceeds the CPA, the CCP will be set at the most aggressive price as necessary without exceeding the CPA parameter. All tradeable orders up to the new CCP value will be matched.

### 31. Are MOC orders guaranteed a fill?

No. MOC orders are not guaranteed a fill. However, the wide price movement extension and closing price acceptance parameters provide the marketplace with considerable leeway in determining a closing price that will fill the MOC imbalance completely.

### 32. What will cause a MOC session to be cancelled?

There are three situations that will result in a failed MOC:

- Regulatory halt
- Technical/System halt
- Release of a Halt/Inhibit/Freeze five minutes prior to the close

For further information please contact your  
TSX Markets Account Manager  
416 947-4462 or [account\\_services@tsxmarkets.com](mailto:account_services@tsxmarkets.com)