

TSX MARKET ON CLOSE (TSX MOC) FREQUENTLY ASKED

questions (FAQs)

TSX MOC, a facility of TSX Markets for handling MOC orders.

1. **WHY DID TSX MARKETS IMPLEMENT A MARKET ON CLOSE (MOC) FACILITY?**
 TSX 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 TSX MOC?**
 TSX MOC is accessible to all Toronto Stock Exchange (TSX) Participants and Sponsored Direct Access Participants.
3. **DOES MY TRADE STATION SUPPORT TSX MOC FUNCTIONALITY?**
 All trade station functionality questions should be directed to your trade station vendor.
4. **DO I HAVE TO USE THE TSX MOC FACILITY FOR MY MOC ORDERS?**
 No. The use of the TSX MOC facility is voluntary.
5. **DO I HAVE TO USE MY BROKER TO ENTER MY MOC ORDERS?**
 No. If you have sponsored direct access you may enter your own orders.
6. **WHAT STOCKS PARTICIPATE IN THE TSX MOC FACILITY?**
 All stocks included in the S&P/TSX Composite Index, the S&P/TSX Global Gold Index or the S&P/TSX Global Mining Index are MOC eligible. TSX Markets has the ability to add and delete stocks as needed from the TSX MOC facility. This will ensure that the S&P/TSX Composite list is accurate for the purposes of TSX MOC.
7. **WHAT KIND OF ORDERS CAN I PUT INTO THE MOC BOOK?**
 MOC market orders and MOC 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 be cancelled prior to 3:40 p.m. MOC limit orders may only be cancelled between 3:40 p.m. and 4:00 p.m. MOC limit orders entered 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?**
 TSX Markets disseminates MOC imbalance information at 3:40 p.m. and price movement extension information at 4:00p.m. on TSX.com and via the following data feeds: TBF, TL1, and TL2. Display of these messages may vary from vendor to vendor.
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.
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 +/- 3% of the preceding last board lot sale price.
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
 - ICCP

(FAQs - Continued)

19. WHAT IS THE INDICATIVE CALCULATED CLOSING PRICE (ICCP)?

The ICCP is the theoretical closing price for a MOC eligible security, assuming the regular trading session had ended at the time of calculation.

20. WILL YOU PUBLISH AN INDICATIVE CALCULATED CLOSING PRICE (ICCP)?

Yes, The ICCP will be calculated and broadcast to the trading community at 3:50 p.m.

21. HOW WILL THE INDICATIVE CALCULATED CLOSING PRICE (ICCP) BE PUBLISHED?

The ICCP will be added to the MOC imbalance report that appears on TSX.COM as a separate column at 3:50 p.m.

22. HOW IS THE INDICATIVE CALCULATED CLOSING PRICE (ICCP) CALCULATED?

The Indicative Calculated Closing Price (ICCP) will be derived from similar logic used at the opening today. (i.e. the price at which the most shares trade; leaving the least imbalance and closest to the last sale.) The ICCP includes orders from both the MOC and continuous book.

23. 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.

24. HOW DOES THE CLOSING PRICE GET CALCULATED?

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

25. WHY IS THERE A VOLATILITY PARAMETER AT THE CLOSE?

A price volatility parameter prevents our closing prices from jumping all over the board.

26. WHAT IS THE PRICE MOVEMENT EXTENSION?

A price movement extension provides the market the opportunity to react to a significant movement in the closing price at 4:00 p.m.

27. WHAT CONDITIONS WILL RESULT IN THE PRICE MOVEMENT EXTENSION?

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

28. HOW LONG DOES THE PRICE MOVEMENT EXTENSION LAST?

The price movement extension provides an additional 10-minute period in which the entry of offsetting MOC limit orders will be permitted.

29. WHY HIDE THE BOOK BETWEEN 4:00 P.M. AND 4:10 P.M.?

A hidden book forces market participants to react to the CCP rather than to “who” is in the book and for “how much”.

30. 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.

31. CAN THE MOC IMBALANCE FLIP SIDES?

No. The MOC imbalance cannot flip sides.

32. 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 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.

33. 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 be a 10% 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.

34. 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) that is in violation of the CPA, the CCP will be set at the maximum tradable price that does not exceed the CPA parameter. All tradable orders up to the new CCP value will be matched.

35. 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.

36. 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 5 minutes prior to the close

For further information please contact your TSX Markets Account Manager **(416) 947-4462** or account_services@tsxmarkets.com