



MATCH NowSM

In Detail

October 2009

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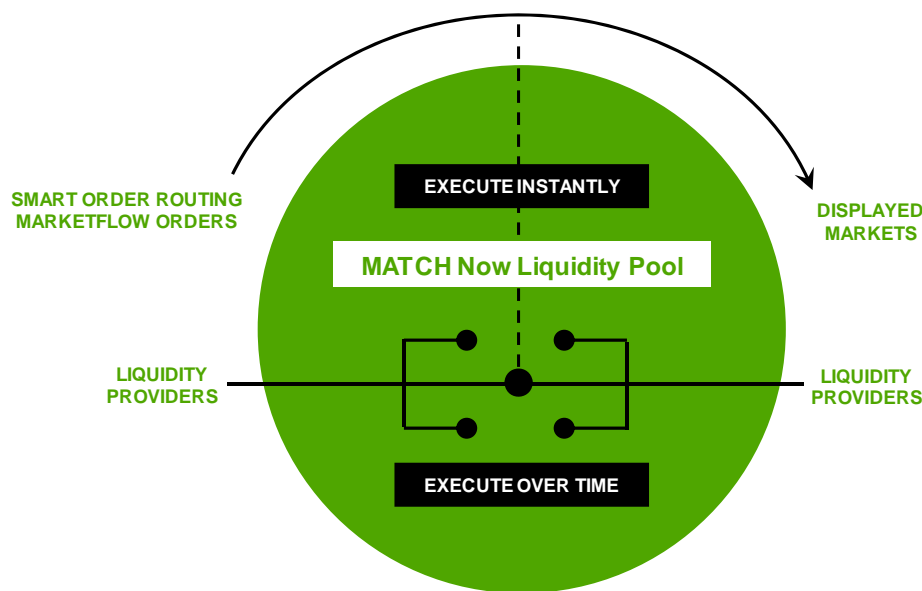
What is MATCH Now?

MATCH Now is a Canadian marketplace operated by TriAct Canada Marketplace LP (TriAct) for all *TSX and TSX Venture listed securities* (currently excluding debentures, stocks with special settlement terms and those that trade in U.S. dollars). Accessing MATCH Now is as easy as choosing one of two new destinations from your *existing trading application*.

Canadian dealers participate as MATCH Now Subscribers; eligible clients and US dealers execute through, and pay commissions to, the Canadian dealers they choose. TriAct acts strictly on a *broker-neutral* basis; it does not participate on an agency or proprietary basis in *any* trade.

Buy and sell orders of all sizes are submitted by Subscribers and their clients as Liquidity Providing or Marketflow orders:

- **Liquidity Providing (LP) Orders:** These passive, confidential orders remain in the MATCH Now book as day orders unless they are filled, cancelled, or expire.
- **Marketflow Orders:** These tradable orders “glance” into the MATCH Now Liquidity Pool. If a potential match within MATCH Now exists, Marketflow orders route to MATCH Now, match *immediately* to the extent possible, and are *automatically* routed on by smart order routers to a specified marketplace with any unfilled balance. Otherwise, the order by-passes MATCH Now and heads directly to the specified marketplace.



Designed to offer better execution for *institutional, proprietary and retail* order flow, MATCH Now combines *frequent call matches and continuous execution* opportunities in a fully confidential trading book. MATCH Now provides price improvement over the national best bid and offer (NBBO) on every transaction. (See Trade Matching and Pricing below for further details.)

Automated, 5-Second Call Executions: MATCH Now searches for matches **among LP orders** every 5 seconds (randomized), at the mid-market price, saving each liquidity provider 50% of the NBBO spread.

Continuous, Instantaneous Executions: Matches **between Marketflow and LP orders** occur on a continuous basis, as Marketflow orders arrive. Note: Marketflow orders *do not* wait for the next 5-second call to execute. LP orders achieve a price saving of 80% of the NBBO spread or more; Marketflow orders save 20% of the spread, up to a cap of \$0.01.

Improve Your Act

MATCH Now is designed to offer better execution to institutional, proprietary and retail customers alike. Traders gain several strategic advantages in Canada's capital markets.

Access Advantages

- **Confidential, Continuous Trade Execution:** MATCH Now is a broker-neutral dark book that combines frequent call matches with continuous execution opportunities, all within a confidential marketplace.
- **Available to All Market Participants:** All Canadian registered dealers are eligible to trade in MATCH Now, as principal, or as agent for their retail and institutional clients. Canadian buy-side and U.S. firms can access MATCH Now through DMA arrangements with a sponsoring Canadian dealer. Participants connect via third-party Access Vendors or directly via FIX.
- **Sweep Multiple Markets in One Step:** When you "smart route" an order through your Access Vendor, your order will be routed to MATCH Now as a Marketflow order only if a potential match exists; otherwise, your order does not enter MATCH Now and instead routes directly to your chosen marketplace. In addition, unfilled balances from MATCH Now Marketflow orders are automatically routed to a transparent marketplace, where they can trade further or book.

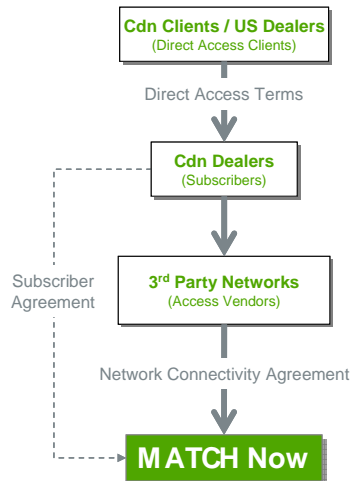
Cost Advantages

- **Automated Price Improvement:** When a match occurs in MATCH Now, it is priced according to the national best bid/offer (NBBO) at the time of the transaction. Passive liquidity providers save 80% or more of the NBBO spread; active market-bound orders save 20% of the spread, up to a cap of \$0.01. If two liquidity providers match, they share the price improvement 50/50.
- **Dealers Internalize Order Flow:** Dealers can participate by entering LP orders to the MATCH Now book, and trading only with Marketflow orders from their own firm. All client-principal transactions in MATCH Now automatically comply with Universal Market Integrity Rules (UMIR) requirements regarding the appropriate level of price improvement. (See Harmonization with UMIR below for details.) Customers enjoy the cost savings of automated price improvement, while dealers enjoy the benefits of retaining their own liquidity.
- **Low Transaction Fees:** MATCH Now offers a competitive fee structure. In addition to market impact savings, Dealers and their respective clients achieve substantial trade cost savings over other Canadian execution venues. Please see Subscriber Fees below for details.

Tactical Advantages

- **No Public Book Display:** MATCH Now is a fully confidential dark book, displaying no information to the public on participants, order size or pricing. Participants cannot see or modify any orders other than their own. Large orders can be submitted without fear of disclosure.
- **Zero Market Impact:** Information leakage can be virtually eliminated through anonymous trade reporting. Trades for unattributed orders are publicly reported with broker # 001; otherwise, trades print under the regular (TSX) broker number.
- **Execution Control & Risk Management:** MATCH Now combines a number of unique features that enable the trader to automate key trading criteria. With these tools, traders can control execution, minimize risk and achieve overall trading goals. See Order Attributes, and Parameters for Liquidity Providers, below for details.

Access to MATCH Now



Only Canadian registered dealers are eligible to become MATCH Now Subscribers, and can trade on MATCH Now as principal, or as agent for their retail and institutional clients. Orders may also be sent directly to MATCH Now by eligible clients of a Subscriber (Direct Access Clients). Third party networks and registered dealers that maintain their own proprietary market connections (collectively, Access Vendors) connect to MATCH Now for the purpose of transmitting orders submitted by Subscribers and Direct Access Clients. TriAct acts strictly on a broker-neutral basis; it does not participate on an agency or proprietary basis in any trade.

Access Vendors: Access Vendors and Subscribers with proprietary systems must execute the TriAct Network Connectivity Agreement, which includes, among other things, confidentiality provisions restricting the use of MATCH Now liquidity information.

Subscribers: MATCH Now Subscribers are required to execute the MATCH Now Subscriber Agreement. To qualify for access to MATCH Now, each Subscriber must, among other things:

- be registered in Canada as an Investment Dealer and an IIROC Member in good standing;
- be regulated by Investment Industry Regulatory Organization of Canada Inc. (IIROC) and comply with all applicable regulatory requirements and securities laws, including the Universal Market Integrity Rules (UMIRs); and
- report and settle all MATCH Now trades, either as a CDS Participant or through a qualified agent.

In order to route Marketflow orders via MATCH Now to another marketplace, a Subscriber must also authorize its Access Vendor(s) to route its orders accordingly, and be responsible for complying with all marketplace-specific rules.

Direct Access Clients: Prior to granting clients direct access to MATCH Now, Subscribers must, among other things:

- ensure that Marketflow orders are entered by clients that have direct access to the marketplace to which the order may be routed;
- ensure that LP orders are entered by clients that have direct access to the marketplace on which the security is listed or quoted; and
- have the right to discontinue receiving any Direct Access Client's orders at any time.

Direct Access Clients' use of the MATCH Now system is subject to certain terms and conditions specified in the MATCH Now Subscriber Agreement.

Order Attributes

MATCH Now supports both market and limit orders. Minimum order size is one board lot. MATCH Now accepts board lot and mixed lot DAY orders for regular settlement, but trades in board lots only. When mixed lot orders are sent to the MATCH Now Marketflow destination, the odd lot portion is forwarded on to a transparent marketplace – via the Access Vendor – upon successful completion of the board lot portion. When mixed lot orders are sent to the MATCH Now Liquidity destination, only the board lot portion will fill and it is the responsibility of the user to cancel the remaining odd lot portion.)

The following selected attributes are supported for *all Marketflow (MF) orders and Liquidity Providing (LP) single and list orders*:

- **Short Sales:** LP short sales may trade below the last sale. MF shorts that cannot trade at / above the last sale are routed back to the Access Vendor for forwarding on to the chosen marketplace.
- **Short-exempt Sales:** These are treated like sell orders – i.e. they may trade on a down-tick.
- **Anonymous:** Trades for unattributed (anonymous) orders are publicly reported with broker # 001. If the order is not marked “anonymous”, the trade is attributed to the executing broker’s (TSX) broker number.
- **Jitney:** Jitney orders are matched according to the executing broker.
- **Price Protection:** By specifying a limit price, users can establish a cap/floor above/below which their orders will not trade.
- **Minimum Fill Volume:** Users can set the minimum number of shares per fill to be executed in MATCH Now. Each trade executed for an order will be equal to or greater than the minimum fill quantity.
- **Expiration Time:** Specifies how long an LP order remains in the system. Open orders in the MATCH Now book can also be cancelled at any time. By default, all LP orders expire at 4pm. (Marketflow orders with an Expiration Time that has passed will be rejected.)

MATCH Now checks incoming order designations and rejects any unsupported orders to the Access Vendors. Where an order has been accepted by MATCH Now, designations that are not required for purposes of MATCH Now matching are reported to Market Regulation Services Inc. (RS) in accordance with the Universal Market Integrity Rules (UMIR).

Please see the *MATCH Now FIX Specification & Access Vendor Guide* for comprehensive details on MATCH Now messaging, including accepted and rejected order tags.

Parameters for Liquidity Providers

MATCH Now combines a number of unique features that enable users to control trade execution, minimize risk, and achieve overall trading goals.

Only *LP single and list orders* can be sent with the following optional settings:

- **Midpoint Eligibility:** midpoint-eligible LP orders match with other LP orders; non-midpoint-eligible LP orders match only with Marketflow orders.
- **Internalize:** users may request that their LP orders trade only against orders for the same Subscriber (identified by the dealer’s 3-digit broker number).

- **Locked Market Exclusion** – with this setting, LP orders will not trade if there is a locked market – i.e. if the NBBO bid is equal to the offer

LP *lists* can also be sent with the following optional settings:

- **Horizon Profile:** specifies the maximum number of shares to be executed in a specific time interval (1, 5, or 15 minutes). Users can establish trading profiles ranging from passive to aggressive to control how their orders are traded.
- **Buy/Sell Imbalance:** maximum dollar value by which portfolio buys can exceed sells / vice-versa.
- **Cancel Time, Minimum Shares, Midpoint Eligibility, Internalize & Locked Market Exclusion:** can be set for the entire list and applies to each order in the list. If comparable parameters are included for any single order in the list, these order-level parameters take precedence over the list parameters.

These parameters can be configured by TriAct with specific user defaults. Additionally, from an Access Vendor trading application or via the MATCH Now web portal, users can override these defaults by establishing order / list-specific parameters.

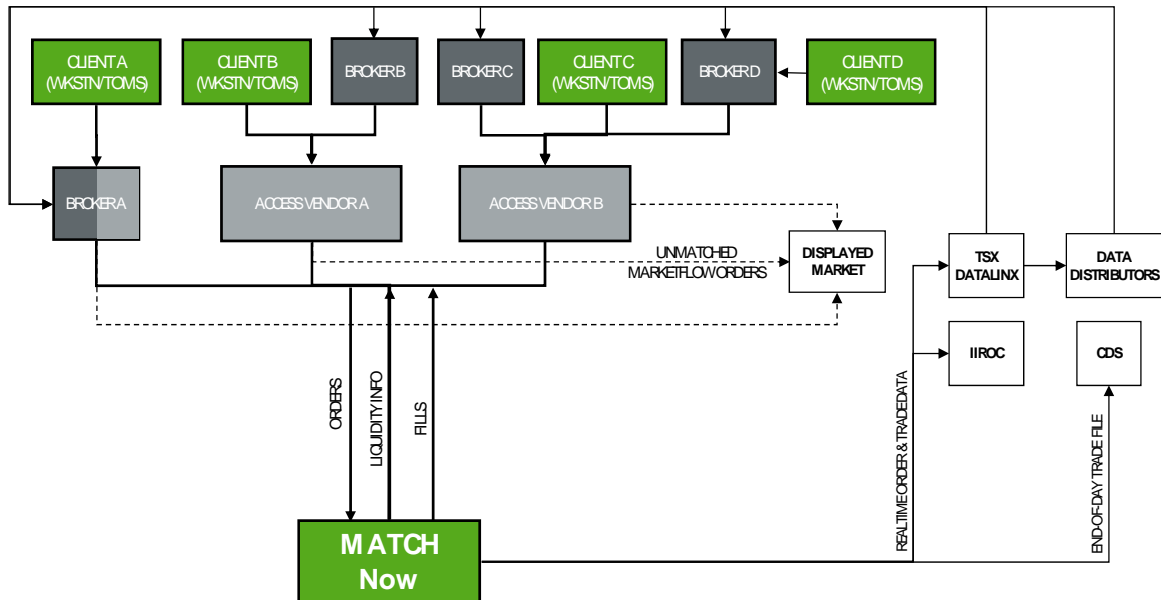
Order Routing

MATCH Now is available from 8:00am daily for order entry. From their existing trading applications, users can choose the MATCH Now Liquidity destination to route orders and portfolios directly to MATCH Now's confidential book. To route an order through MATCH Now before trading on another marketplace, users can choose their Access Vendor's smart order router destination, which may be configured to automatically route orders via MATCH Now Marketflow as a default setting.

MATCH Now Liquidity Destination: By choosing the MATCH Now Liquidity destination, market participants send orders directly to MATCH Now's confidential book. These orders remain in the MATCH Now book as day orders unless they are filled, cancelled, or expire.

MATCH Now Marketflow Destination: Limited information regarding the liquidity available in MATCH Now (aggregate symbol and side only) is disseminated to Access Vendors, for purposes of assessing whether there is a potential match for Marketflow orders within MATCH Now. Note: Access Vendors are restricted from distributing or utilizing this confidential liquidity information for any other purpose. No details regarding individual orders sent to or residing within MATCH Now is publicized to MATCH Now participants or any person other than authorized TriAct or IIROC representatives, on a need-to-know basis.

Access Vendors route to MATCH Now Marketflow *only those orders with a potential match*. Unmatched portions of these Marketflow orders are routed back to the initiating Access Vendor for on-routing to another (displayed) marketplace.



The MATCH Now system supports the FIX protocol. The MATCH Now FIX Specification provides further details on MATCH Now messaging.

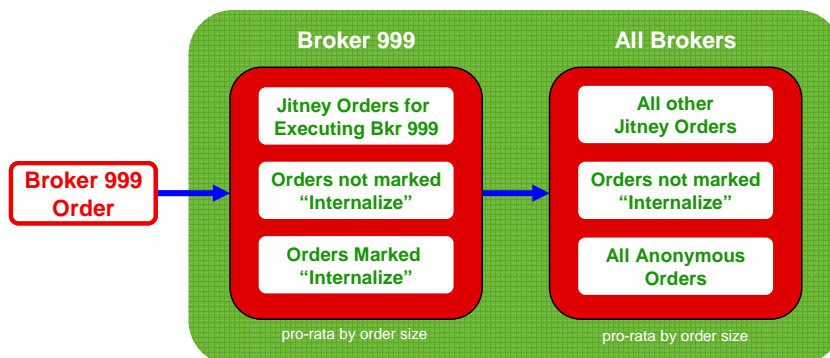
Trade Matching & Pricing

Trading in MATCH Now occurs during normal market hours, 9:30am until 4:00pm. The MATCH Now system uses real-time quotes for all Canadian markets that provide order transparency (e.g. TSX, Pure Trading, Chi-X, Alpha, Omega). Only stocks with a valid, current quote are eligible for trading within MATCH Now. Should a stock be halted in the primary market at the time a match is run, or if there is no valid bid/offer, that stock will not be eligible for MATCH Now matching at that time.

All orders matched within MATCH Now are executed at a price between the national best bid and offer at the time of the match, to a maximum of 3 decimal places depending on stock price and spread (rounded up where required)¹. Currency is assumed to be that of the stock symbol. All MATCH Now trade prices are based on the quote for the symbol, with no currency adjustment.

The time an order is received does not affect its standing in the MATCH Now book. Shares are distributed among LP orders on a pro-rata basis. Orders with the same broker number are matched before orders with different broker numbers. Anonymous orders participate *among* brokers. Jitney orders trade according to the *executing* broker.

MATCH Now Share Distribution Process

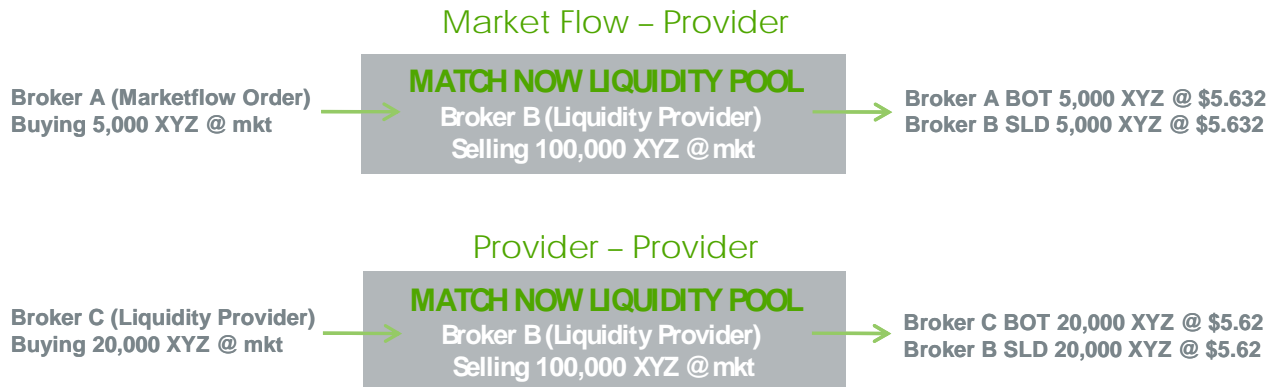


¹ In a locked market, MATCH Now executes at the locked price. In a crossed market, MATCH Now will not trade.

MATCH Now orders are executed according to an algorithm that maximizes the share volume traded. The system adjusts share distribution to achieve this goal, but never allocate less than 80% of any order's "fair share". Orders with constraints may execute behind those without constraints.

MATCH Now provides price improvement to every participant on every transaction executed within the system.

Example: Ticker 'XYZ' is bid @ \$5.60 and offered @ \$5.64



Continuous, Instantaneous Executions: Matches between Marketflow and LP orders occur on a continuous basis, as Marketflow orders arrive. LP orders achieve a price saving of 80% of the NBBO spread or more when matched with a Marketflow order. Marketflow orders save 20% of the spread, up to a cap of \$0.01.

Automated, 5-Second Call Executions: MATCH Now searches for matches among LP orders every 5 seconds (randomized), at the mid-market price, saving each liquidity provider 50% of the NBBO spread.

Following are further examples of the MATCH Now price improvement model.

Example: Ticker 'XYZ' is bid @ \$5.60 and offered @ \$5.67

MATCH Now Order Type	Order Entry	MATCH Now Trade Volume	MATCH Now Trade Price*	Displayed Mkt Trade Price**	Savings \$\$	Result
Provider	Buy 5000 @ \$5.64	5,000	\$5.635	N/A	N/A	Buyer limit price is met → MATCH at midpoint.
Provider	Sell 10000 @ Mkt	5,000	\$5.635	\$5.60	\$175	
Provider	Buy 10000 @ \$5.63	5,000	\$5.61	N/A	N/A	Buyer limit price is met → MATCH at 20% (max. \$.01) above bid.
Marketflow	Sell 5000 @ Mkt	5,000	\$5.61	\$5.60	\$50	
Marketflow	Buy 5000 @ \$5.64	0	\$5.66	N/A	N/A	Buyer limit price not met → NO MATCH. (match price determined by NBBO quote)
Provider	Sell 10000 @ \$5.63	0	\$5.66	N/A	N/A	

* assumes a Price Improvement Cap of \$0.01 for Marketflow Orders

** if order had been sent directly to the best-priced displayed market

Order & Trade Reporting

The system returns a FIX Execution Report for each trade to the originating Access Vendor immediately following each match.

Public trade reports are disseminated in real time via TSX Datalinx in standard format (similar to TL1). All matches are printed as having been completed in MATCH Now, with broker numbers, or with broker 001 for orders that were marked anonymous, in accordance with UMIR requirements.

Private (encrypted) and public order and trade information is also distributed in real time, in standard format (similar to TBF) via TSX Datalinx, and is accessible to Subscribers through decryption keys provided by TriAct personnel. Counterparty information for traded orders that were marked as anonymous is provided to brokers through an end-of-day query.

Data distributors that receive MATCH Now trade reports are encouraged to integrate MATCH Now trades with TSX and other markets' trades of the same security in their "time and sales" displays.

Daily MATCH Now trade reports are sent to CDS; it is the Subscribers' responsibility to clear and settle accordingly.

Harmonization with UMIR

The Investment Industry Regulatory Organization of Canada Inc. (IIROC) is responsible for market regulation of MATCH Now and its Subscribers. Following is a summary of IIROC's position on the MATCH Now business model as it relates to UMIR, as detailed in Market Integrity Notice 2007-002 – Provisions Respecting Competitive Marketplaces. For further details on the application of UMIR to MATCH Now, please refer to Market Integrity Notices 2006-017 and 2006-020.

Subscribers and Direct Access Clients: MATCH Now Subscribers (Canadian registered dealers) fall within the UMIR definition of a "Participant". MATCH Now Direct Access Clients *do not* fall within the definition of an "Access Person".

Call Market Orders: MATCH Now Liquidity Providing (LP) orders fall within the UMIR definition of a Call Market Order.

Last Sale Price: As all MATCH Now trades result from a Call Market (i.e. LP) Order, they do *not* set the "last sale price".

2.2 Manipulative or Deceptive Method of Trading: MATCH Now Subscribers may inadvertently place LP orders that trade with one another, resulting in no change in beneficial or economic ownership. *Subscribers must establish policies and procedures to ensure that this does not regularly occur.* Choosing MATCH Now's "non-midpoint eligible" option is one way to avoid two principal LP orders for the same Subscriber matching at the NBBO midpoint.

3.1 Restrictions on Short Selling: As Call Market Orders, MATCH Now LP orders *are* permitted to sell short at a price *below* the last sale price. The MATCH Now system enforces the UMIR price restrictions on Marketflow short sales; those that cannot trade at / above the primary market last sale price are returned by MATCH Now for on-routing to an Exchange.

5.1 Best Execution of Client Orders: Participants must diligently pursue the execution of each client order on the most advantageous terms for the client. In determining whether a Participant has diligently pursued the best execution of a client order, IIROC considers a number of factors, including whether the Participant has considered possible liquidity on a non-transparent marketplace

such as MATCH Now if (a) displayed volume is inadequate to fully execute the client order on advantageous terms for the client; and (b) the non-transparent marketplace has demonstrated a reasonable likelihood of liquidity for the specific security. In the view of IIROC, these requirements are the *minimum* that a Participant should do in obtaining best execution. IIROC states specifically, “For example, if a non-transparent marketplace has been structured to provide price improvement over the best ask price or best bid price, the Participant may wish to consider possible trading opportunities on that marketplace if the non-transparent marketplace has demonstrated that there is a reasonable likelihood that it will have liquidity for the specific security.”

MATCH Now is designed to facilitate best execution through automatic price improvement over the best bid/ask, and the provision of real-time aggregate liquidity information (symbol and side) to the order routing systems used by Subscribers. This information is not transparent to Subscribers. However, it does provide their routing systems with an indication of those securities for which there is a reasonable likelihood that an order routed to MATCH Now will trade. Marketflow orders that cannot trade with LP orders for the same Subscriber will trade to the fullest extent possible with LP orders for other Subscribers.

5.2 Best Price Obligation: Participants must make reasonable efforts prior to execution of a client order to ensure that the order is executed at the best price, subject to some exceptions. While UMIR would not require a Participant to determine if a “better-priced” order existed on MATCH Now prior to executing on another marketplace, it is IIROC’s position that MATCH Now essentially system-enforces compliance with UMIR 5.2. MATCH Now provides price improvement over the “best ask price” and the “best bid price” on the execution of a trade at the time of execution. As such, no order executing on MATCH Now would owe a “best price obligation” to an order on another marketplace.

Under UMIR 5.2(2)(c), Subscribers may enter client orders as MATCH Now LP (Call Market) orders – rather than on the best bid/ask – but only if so directed or consented to by the client.

5.3 Client Priority: Subscribers that enter MATCH Now LP orders as non-client or principal are *not* obligated to give priority to their firm’s client LP orders (which are, by definition, at the same price) in MATCH Now, pursuant to several exemptions to Rule 5.3, provided the client order is entered immediately upon receipt and not varied except on the specific instructions of the client. However, *please note that MATCH Now Subscribers must not solicit and enter client LP orders as agent, then take advantage of the MATCH Now pro-rata matching algorithm to trade a non-client or principal order alongside, or trade ahead of the client LP order on another marketplace.*

6.1 Entry of Orders to a Marketplace: MATCH Now trades may be executed with any level of accuracy, if permitted by the information processor or information vendor. MATCH Now trade prices are accurate to 3 decimals (not necessarily in half-penny increments).

6.3 Exposure of Client Orders: With respect to MATCH Now Marketflow orders, it is the view of IIROC that client orders which are routed to a non-transparent marketplace to determine if liquidity is available on that marketplace at prices that are the same or better than displayed in a consolidated market display would comply with Rule 6.3 if any unexecuted portion of the client order was then immediately entered on a marketplace that did provide order transparency.

With respect to MATCH Now LP orders, the following exemptions to Rule 6.3 may apply to client orders:

- the order is over 50 standard trading units or \$100,000 value
- the client has directed or consented to the order being entered as a MATCH Now LP order
- the Participant determines based on market conditions that entering the order to a transparent market would not be in the best interests of the client

8.1 Client-Principal Trading: Subject to some exceptions, Participants that receive a client order for 50 standard trading units or less of a security with a value of \$100,000 or less may execute the client order against a principal order or non-client order at a better price, provided the Participant has taken reasonable steps to ensure that the price is the best available price for the client taking into account the condition of the market at that time.

Given the mechanism by which the trade price is calculated on MATCH Now, IIROC is of the opinion that the trade price on MATCH Now satisfies the requirements to be the “best available price” taking into account the condition of the market.

Subscribers that enter LP orders as principal to trade only with orders for their own firm (i.e. “internalize” orders) will be in compliance with UMIR 8.1, so long as those principal orders are entered on a proactive basis and without knowledge of an incoming Marketflow order from a client. IIROC will look at the timing of LP (principal) order entry and the price improvement “opportunity”.

UMIR 8.1 does not apply if the client has directed or consented that the client order be entered as a MATCH Now LP (Call Market) order. *Subscribers are reminded to obtain explicit permission from a client prior to entering an LP order on their behalf.*

Subscriber Fees

Set-up Fees

There is no up-front charge or “membership” fee to become a MATCH Now Subscriber.

Trading Fees

Stock Price	Trade Type	Trading Fee	Maximum Fee
\$5.00 and over	2-sided trade	\$.0010 / share / side	\$10 / side
	Cross	\$.0010 / share	\$10 / cross
\$4.99 and under	2-sided trade	\$.0005 / share / side	\$10 / side
	Cross	\$.0005 / share	\$10 / cross

Access Fees

There is no initial or ongoing charge for access to MATCH Now.

Access Vendors and Subscribers with proprietary systems that connect to MATCH Now are responsible for carrier communications costs.