



# MATCH Now<sup>SM</sup>

**Access Vendor Guide**  
**October 2009**

TriAct Canada Marketplace LP

416-861-1010  
[www.triactcanada.com](http://www.triactcanada.com)

## TABLE OF CONTENTS

---

MATCH Now Overview .....	3
Two Unique Destinations .....	4
Connectivity .....	4
Messaging Protocol .....	4
Order Filtering .....	5
Order Attributes .....	6
Parameters for Liquidity Providing Orders .....	6
Vendor Application Changes .....	7
User Configuration .....	8
Order & Trade Reporting.....	8
Legal Agreements .....	8

TriAct Canada Marketplace LP (TriAct), Member of the Investment Industry Regulatory Organization of Canada Inc. ("IIROC") & CIPF, is registered as an Investment Dealer in the Provinces of Ontario and Alberta, and exempt from registration as a dealer in the Provinces of BC, SK, MN, QC, NS, NB and NFLD & Labrador. This document has been prepared for informational purposes only, and does not constitute a solicitation to buy or sell securities. TriAct does not warrant the completeness or accuracy of the information provided herein.

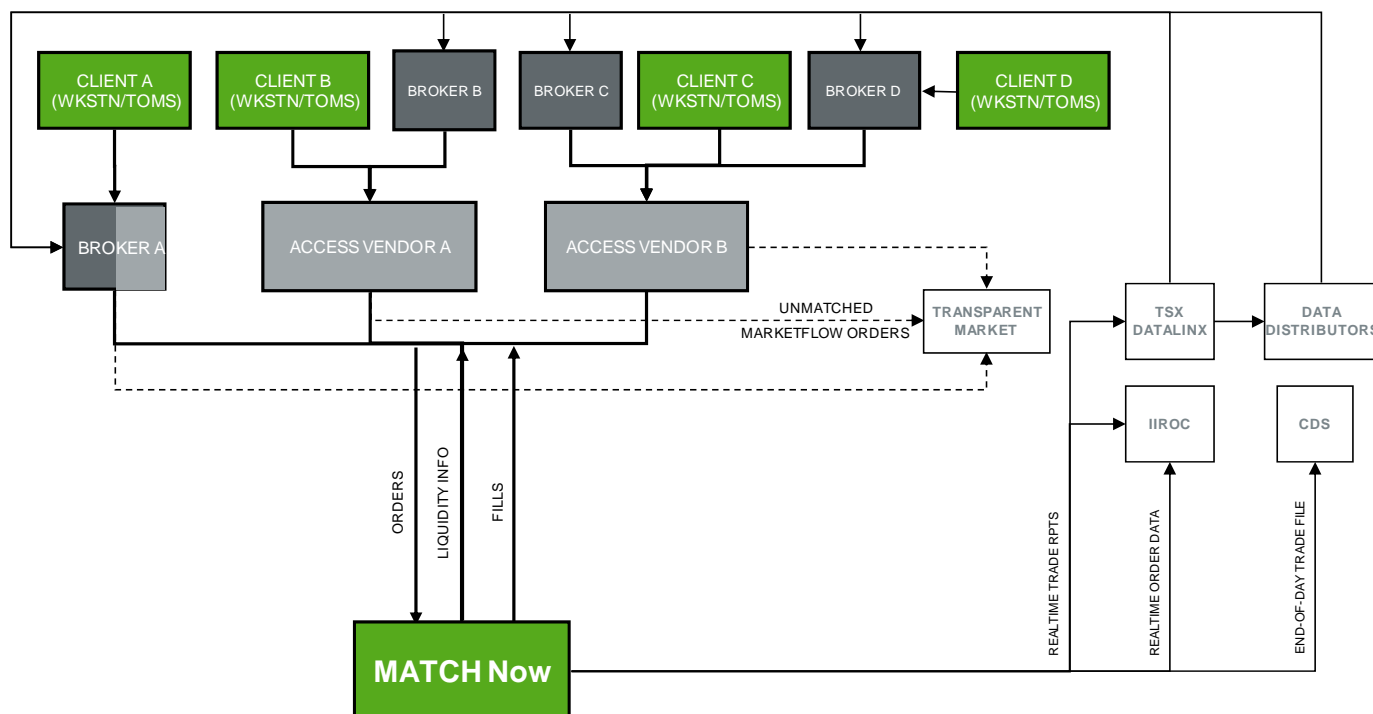
## MATCH Now Overview

MATCH Now<sup>SM</sup> is a Canadian Alternative Trading System (ATS) operated by TriAct Canada Marketplace LP (TriAct) for all TSX-listed and TSX-venture securities (currently excluding debentures, stocks with special settlement terms and those that trade in U.S. dollars) that combines frequent call matches and continuous execution opportunities in a fully confidential trading book. *MATCH Now is represented by two FIX-based destinations accessible through existing trading applications.*

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. MATCH Now acts strictly as a broker-neutral matching facility; it does not participate on an agency or proprietary basis in any trade.

The MATCH Now system uses real-time quotes for all transparent Canadian markets (e.g. TSX, Pure Trading, Chi-X, Alpha, Omega). All orders matched within MATCH Now are executed at a price inside the national best bid and offer (NBBO) at the time of the match, to a maximum of 3 decimal places. MATCH Now matches board lot, DAY orders only, for regular settlement, and is available from 8:00am daily, operating during normal market hours, 9:30am to 4:00pm.

### MATCH Now Data Flow



## Two Unique Destinations

---

From existing trading applications, users can choose one of two new market destinations – MATCH Now Liquidity (LP) or best market / smart routing. When sending an order to the LP destination, the order routes directly to MATCH Now to trade in the confidential book. When sending an order to the best market / smart routing destination, the order checks MATCH Now for a potential match on its way to another Canadian marketplace.

### MATCH Now Liquidity Destination

By choosing the MATCH Now Liquidity destination, market participants send orders directly to MATCH Now. These orders will remain in the MATCH Now book as day orders unless they are cancelled or expire. LP orders are matched with one another throughout the day, automatically executing in 5-second (randomized) intervals.

### MATCH Now Marketflow Destination

Access Vendors should “smart-route” to the MATCH Now MF destination *only those orders with a potential match*. Each order “glances” into the MATCH Now Liquidity Pool. If a potential match exists within MATCH Now, the order should route to MATCH Now Marketflow, and will match immediately to the extent possible; otherwise, the order should by-pass MATCH Now and route directly to the chosen marketplace. Any unfilled balances of Marketflow orders will be returned to the initiating Access Vendor for on-routing to another (displayed) marketplace.

## Connectivity

---

Access Vendors will have the option of internet connectivity or installing a direct link in order to access the MATCH Now network. The MATCH Now infrastructure is hosted by ITG Inc. Access Vendors that already have connectivity to ITG Inc. can leverage existing lines.

TNS is TriAct's standard networking provider. The TNS network uses secure Points of Presence (POPs), complete with back-up. Security and privacy is assured by establishing Logical Virtual Connections (LVCs) to exchange transactions only when the parties have mutually agreed to do so. For FIX connectivity via TNS, LVC's will be provisioned between MATCH Now and the Access Vendor.

For FIX connectivity over the internet, the vendor must provide TriAct personnel with the public IP address of its server. The vendor must open its firewall to allow internal servers to connect to TriAct's internet proxy servers on a specified port.

Access Vendors are responsible for the costs associated with connecting to the MATCH Now system.

## Messaging Protocol

---

The MATCH Now system supports the FIX4.0 protocol. TriAct will test and certify all connections prior to production release.

The MATCH Now Liquidity destination will receive new orders via one of two FIX interfaces: one FIX single-order based, and the other FIX list-order based. If the MATCH Now Liquidity interface is dropped, order and report messages will be replayed.

MATCH Now Marketflow orders will be received over a separate FIX interface and should always be FIX single-order based. If the MATCH Now Marketflow interface is dropped, order and report messages will be replayed.

Liquidity information (see below for details) will be delivered to Access Vendors on the MATCH Now Marketflow interface. If the MATCH Now Marketflow interface is dropped, messages will be sent for *current* liquidity information only and not replayed.

## Order Filtering

---

To minimize order processing latency, two stages of filtering are applied to Marketflow orders, based on liquidity existing within the MATCH Now order book. The goal is to determine as rapidly as possible whether a potential match exists within MATCH Now for each Marketflow order, so as to minimize turnaround latency on orders that are not able to match and should therefore be routed to another trading venue.

1. MATCH Now provides Access Vendors with a streaming feed of liquidity information, referred to as the “**LIP (Liquidity Information Protocol) Feed**”. Limited information (symbol and side only) regarding the liquidity available in MATCH Now at a price within a reasonable range of the NBBO is disseminated to Access Vendors in real time via FIX email, for purposes of determining whether there is a potential match for Marketflow orders. Access Vendors may not distribute or use this confidential liquidity information for any other purpose. No details regarding individual orders sent to or residing within MATCH Now will be publicized to MATCH Now participants or any person other than authorized TriAct representatives.
2. For orders from an Access Vendor that pass the first stage above, MATCH Now’s front-end FIX connectivity technology, “**FIXNOW**”, performs a rapid, memory-resident, smart filtering of the orders, taking into consideration certain specific attributes of the orders in the MATCH Now liquidity pool, and rapidly rejecting those Marketflow orders that will not be able to find a match.

Orders that pass both of the above filters are immediately submitted for a full match. Most of these orders will in fact successfully match at least partially within MATCH Now.

### How to Use the LIP Feed

Access Vendors will need to process the LIP feed and store the liquidity information for use in processing MATCH Now *Marketflow orders only*. Orders with the potential for a match should be sent to the MF destination. An order is deemed to have a potential match if the LIP feed contains the same symbol and same side of the order entered.

For efficient routing, it is recommended that vendors perform price checks on limit orders. Only limit buy orders that are higher than the best bid, and limit sell orders that are lower than the best offer will have potential to participate in a MATCH Now match, as the execution price will always be inside the NBBO.

### Future Enhancements to the LIP Feed

Information may be added to the LIP feed to further maximize fill potential. These enhancements may include information on pricing and/or minimum fill sizes and/or orders marked as “internalize” with broker number such that only orders with the potential for a match will be sent to the MATCH Now Marketflow destination. Notice will be provided as development changes take place.

For comprehensive information on the LIP feed, please see the *MATCH Now FIX Specification & Developer’s Guide*.

## Order Attributes

---

The MATCH Now marketplace supports both market and limit orders. MATCH Now accepts board lot and mixed lot DAY orders for regular settlement, but will trade in board lots only. (When mixed lot orders are sent to the MATCH Now MF destination, the odd lot portion will be forwarded on to the primary market – 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 MF orders and 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 will be routed back to the Access Vendor for forwarding on to the chosen marketplace.
- **Short-exempt Sales:** These will be treated like sell orders – i.e. they may trade on a down-tick.
- **Anonymous:** Trades for unattributed (anonymous) orders will be publicly reported with broker # 001. If the order is not marked “anonymous”, the trade will be attributed to the executing broker’s (TSX) broker number.
- **Jitney:** Jitney orders will be 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.
- **Expiration Time:** Specifies how long an LP order remains in the system. Open orders in the MATCH Now can also be cancelled at any time. (Marketflow orders with an expired time that has passed will be rejected.)

MATCH Now will check incoming order designations and reject to the Access Vendor any orders that are not supported. Where an order has been accepted by MATCH Now, designations that are not required for purposes of MATCH Now matching will be reported to the Investment Industry Regulatory Organization of Canada Inc. (IIROC) in accordance with the Universal Market Integrity Rules (UMIR).

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

## Parameters for Liquidity Providers

---

In addition to standard FIX messaging, 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 will match with other LP orders; non-midpoint-eligible LP orders will 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 will apply to each order in the list. If comparable parameters are included for any single order in the list, these order-level parameters will 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.

All attributes and parameters are applied in the following order of precedence: (1) orders; (2) lists; (3) user defaults; (4) system settings.

## Vendor Application Changes

---

The primary application change for Access Vendors is the addition of two new trading destinations.

### MATCH Now Liquidity Destination

Vendors who wish to provide clients with MATCH Now-specific functionality may require changes to their front-end trading application to allow for the setting of parameters for LP orders. See sample below:

### MATCH Now Marketflow Destination

Aside from the routing changes referenced earlier in this document, no application-level changes are required for the Marketflow destination. Consistent with current practices for TSX-bound orders, MF orders submitted by Direct Access Clients should be visible and accessible to responsible dealers for purposes of canceling, changing or rejecting orders and trades.

### Firm Book Display

Access Vendors may create a firm book display of their Subscribers' live LP orders.

## User Configuration

---

To configure users, TriAct requires each individual's TSX trading ID and executing broker number. Both the MATCH Now Liquidity and Marketflow destinations will validate users through the SenderSubId tag containing the user information.

## Order & Trade Reporting

---

The system will return 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.

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.

## Legal Agreements

---

Access Vendors must execute the TriAct Network Connectivity Agreement, which includes, among other things, confidentiality provisions restricting the use of MATCH Now liquidity information, and must provide MATCH Now with a satisfactory written description of how their systems and/or policies will ensure compliance with these provisions.