

1. Conditional Order Types Electronifying Block Trading

What are they?

- Conditional orders sit on a book uncommitted. The order is only committed once the sender is invited to and accepts to “firm up” the order. This invitation to firm up is sent only when contra liquidity is found.

How will they work?

- MATCHNow will create a Conditionals engine that will handle conditional orders and invitations. We will add a new conditionals book to handle the matching, with optionality to allow standing MATCHNow liquidity to interact with conditionals.
- This will be electronic only (no human interaction) and will be subject to minimum size requirements.
- This will be an optional feature.

Who can use them?

- MATCHNow Subscribers only.

When will MATCHNow conditionals launch?

- Q3, 2018 (pending regulatory approval).

Key features

- Interact with standing liquidity.
- Broker preference.
- Pro-rata match.
- Minimum order size (*IIROC definition of large*).
- MinQty supported (invitation and trade).
- Compliance mechanism, intended to combat information leakage by ensuring that conditional firm-up rates remain at or above an appropriate level.

You can find the link to our regulatory filing below:

[Notice of Proposed Change and Request for Comment - Change to the MATCHNow Trading System](#)

“MATCHNow continues to differentiate and partner with the industry. Conditionals will allow traders or algos to seek liquidity in multiple venues without the risk of over committing the order.”

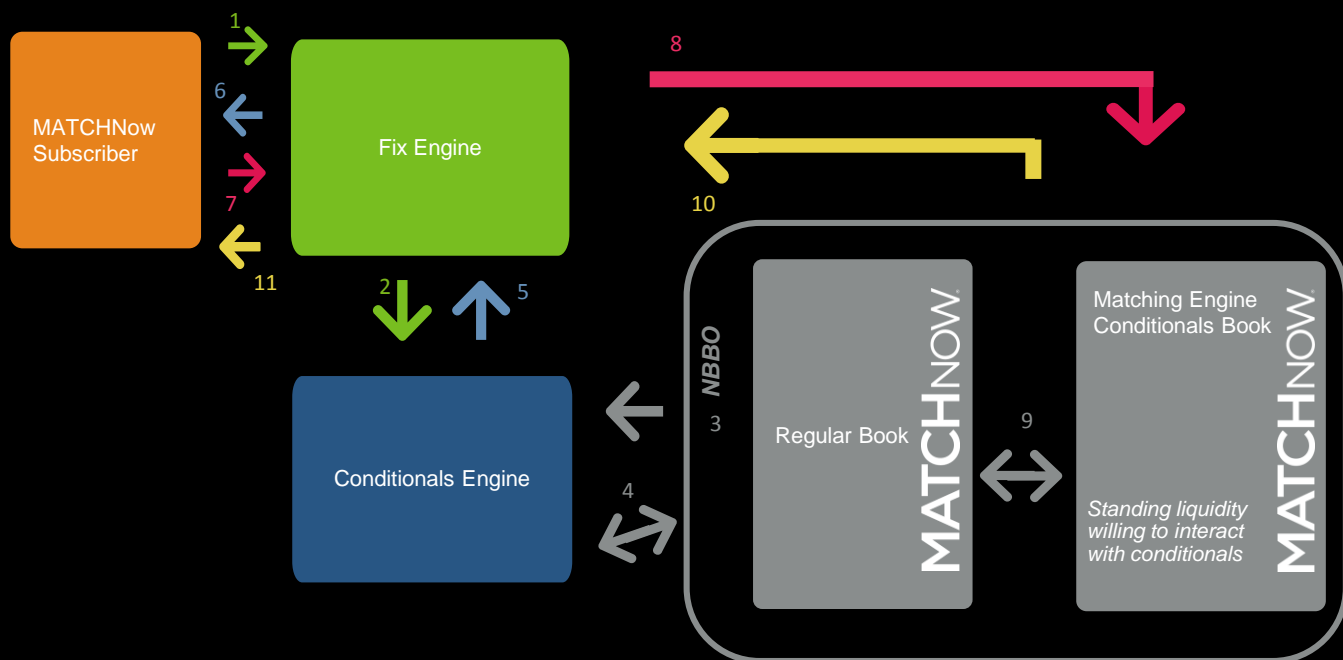
Bryan Blake
CEO of MATCHNow



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Conditional Order Types on MATCHNow



1 and 2: MATCHNow Subscriber places a conditional order by sending a FIX message to a separate Conditionals destination; this potential order flows through the existing FIX engine into the new Conditionals engine.

3: Conditionals engine is continuously being fed NBBO data from the same source used by the regular matching engine.

4: In real time, the Conditionals engine is made aware of orders in the regular book that have chosen to mark their liquidity as “Willing To Trade” with Conditionals (WTT).

5 and 6: once tradable contra is found by the Conditionals engine, invitations to firm up are sent via FIX to the Subscriber.

7 and 8: Within 1 second, the firm-up message (and thus a firm order) is sent by the Subscriber to the FIX engine and routed directly to the matching engine in the Conditionals book.

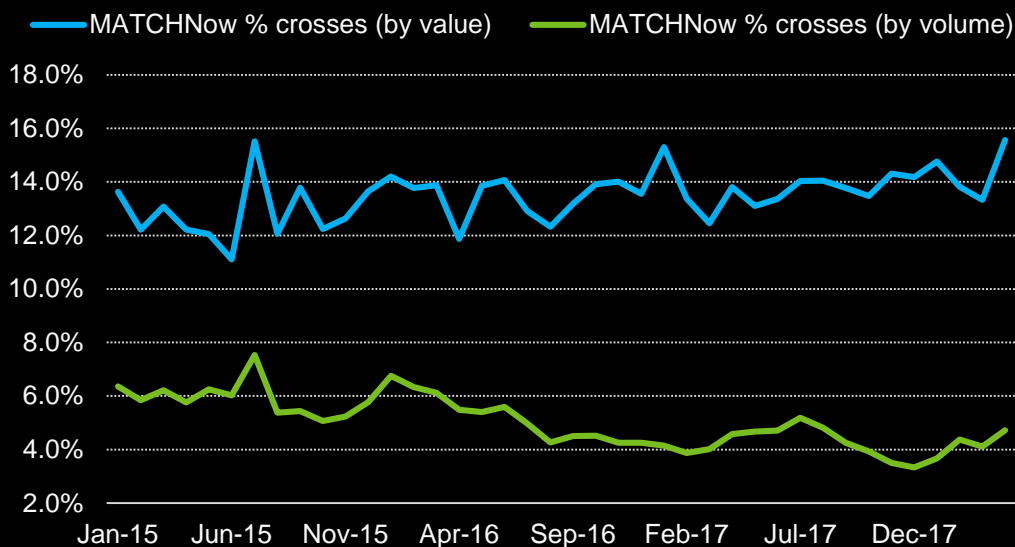
9: Any standing liquidity order marked WTT that needs to be involved in a Conditionals match is moved to the Conditionals book and shielded from running any matches (IOC or call auction) until the Conditionals match is complete.

10 and 11: A fill message and/or “Done For Day” message (for untraded residuals) is sent back to the Subscriber via the FIX engine.

2. Internalization on MATCHNow

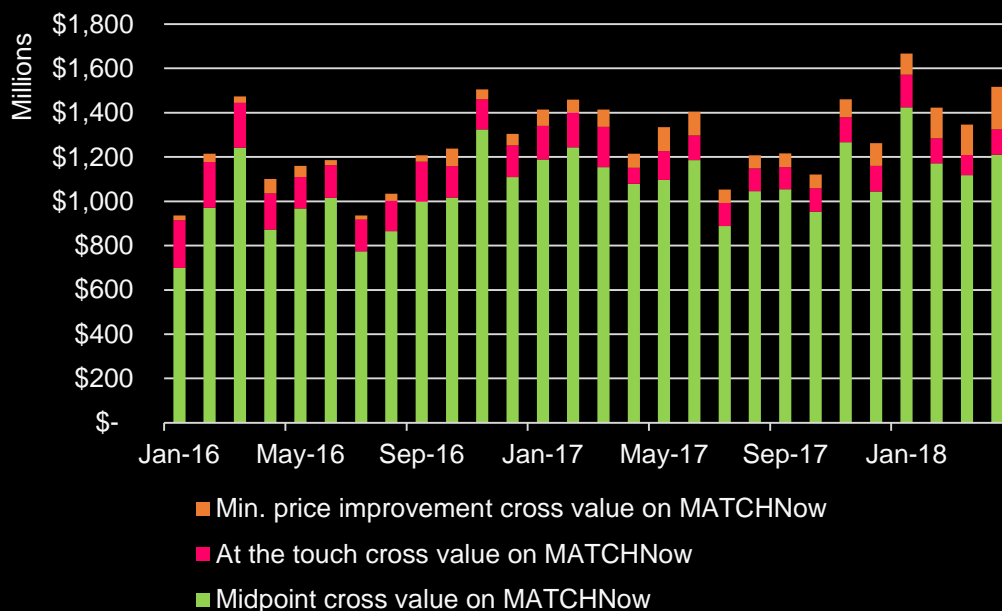
Key features include:

- Unintentional crosses free of charge.
- Broker preferencing (anonymous and attributed orders).
- Unique matching opportunities in our odd lot program, call action, continuous market, and now proposed conditional functionality.



In April 2018,
16%
of all value traded
was crossed for
free on
MATCHNow

Price distribution of unintentional cross value on MATCHNow



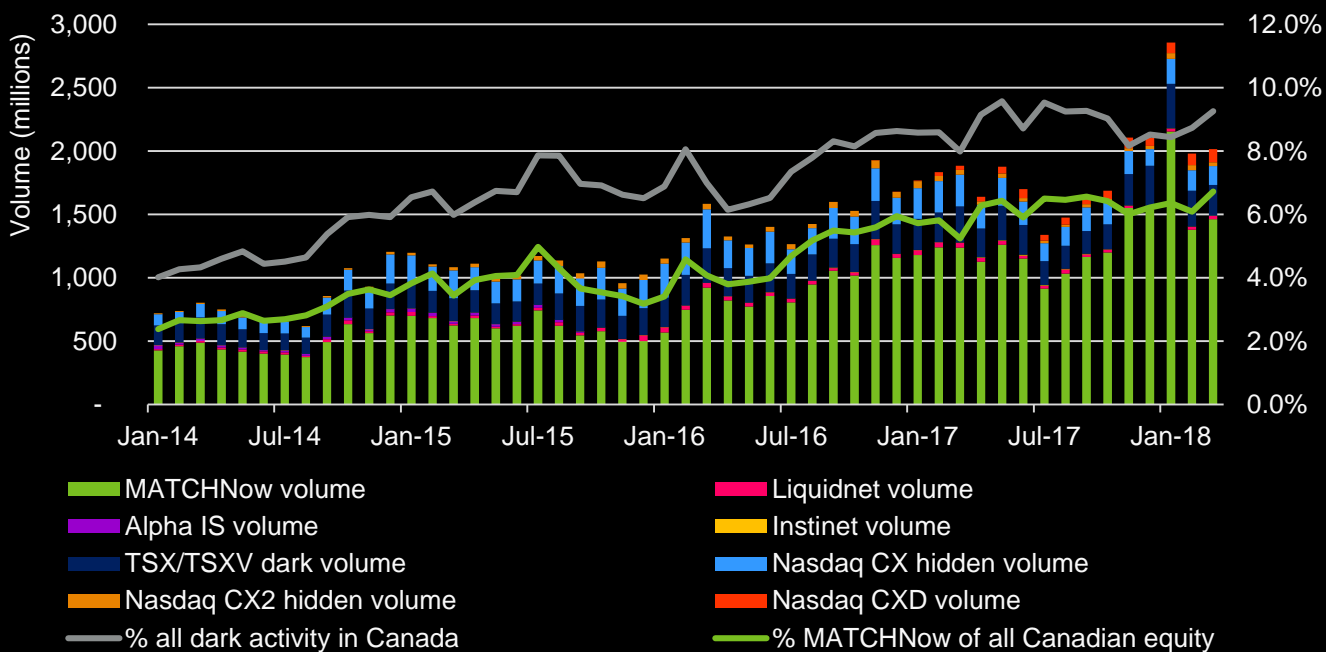
For Q1 2018
83.7%
of unintentional
cross value traded
at midpoint

3. Dark Matters: Dark Trading in Canada

MATCHNow market share
TSX listed equity¹



Dark trading volume in Canada²



Source: ¹ MATCHNow, April 2018 Excludes .DB, .U, .NT, .WT, .PR, and TSX Venture, NEO and CSE traded securities
² IIROC, March 2018, includes CSE, TSXV and Aequitas listed securities. [TMX's website](#); [Nasdaq's website](#)