



August 27, 2018

Subscriber and Vendor Notice

Removal of Market Flow Liquidity Filter

Effective August 27, 2018, MATCHNow has removed the Market Flow Liquidity Filter, which was previously described on page 7 of the *In Detail* document.¹

Going forward, all active orders will pass directly through to the matching engine and will not be cancelled back by the filter.

The Market Flow Liquidity Filter was originally introduced in 2012 to reduce IIROC messaging fees and as a performance improvement measure for active orders.

As of November 2017, however, all messages sent to MATCHNow are reported to IIROC. Therefore, MATCHNow has elected to simplify our matching engine and infrastructure by removing the Market Flow Liquidity Filter.

This update does not require changes by clients, vendors or regulators. The *In Detail* document has been updated to reflect these changes and can be found here:

<http://matchnow.ca/assets/MATCHNow-In-Detail.pdf>

If you have any questions, please email support@matchnow.ca or call 416.861.1010 ext. 0 to speak to a MATCHNow representative.

Best regards,

The MATCHNow Team

¹ The previous version of the *In Detail* (dated April 2018) included the following text, which has now been removed:

Market Flow Liquidity Filter

The MATCHNow liquidity filter is placed in front of the MATCHNow matching engine. This internal filter will allow MATCHNow to return any active orders that have a low probability of receiving a match. By canceling back orders before they reach the matching engine, two goals are accomplished:

- 1) Reduced latency for active orders, allowing unfilled orders to be routed to the next destination on the smart order router table;*

2) *Reduced IIROC message fees, since orders returned before the matching engine do not qualify as IIROC Messages.*

MATCHNow also checks incoming order designations and rejects any unsupported orders to the Access Vendors. Where an order has been accepted by MATCHNow, designations that are not required for purposes of MATCHNow matching are reported to the Investment Industry Regulatory Organization of Canada (IIROC) in accordance with the Universal Market Integrity Rules (UMIR).

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