

Details and Rationale

The CMO+ order will allow users to simulate the functionality of a dark midpoint match facility by limiting interactions to orders tradeable at the midpoint, and only with other orders that have a similar objective. The CMO+ also provides users with an alternative to midpoint match functionality available on standalone dark markets.

By introducing the CMO+ order, TSXV is proposing to enhance the current CMO functionality as follows:

1. Existing CMO attributes to be retained with CMO+¹:

Dark order type that pegs to and only trades at the midpoint of the Protected NBBO

Can be submitted between 7:00am and 4:00pm

Yield: 9:30am to 4:00pm { , } price

Default interaction setting will only allow interaction with other CMO+ orders
(Default Option 1)

Broker/Time matching priority

Minimum Quantity (MinQty), Minimum Interaction Size (MIS) and Post Only features continue to be supported

A minimum size for entered CMO+ orders may be applied by TSXV (default is 1 boardlot; current minimum entry size for CMO orders is 1 boardlot)²

Trades between two CMO+ orders will continue to be identified as such on public trade reports, similar to trade prints from standalone dark pools

2. New functionality to be added:

Inbound CMO+ orders will be subject to a randomized delay between a lower and upper bound of 400ms and 600ms to incent use by those with longer investment horizons, and for whom a delay of approximately a half-second should not present a barrier to use. The uncertainty introduced by the randomization of the delay will also help to reduce gaming opportunities involving the NBBO reference value.

The randomized delay will apply to a Change Former Order (CFO). CFOs would therefore be treated the same as where a user instead chooses to cancel and then enter a new order (in which case the cancel would not be delayed, but the new CMO+ order would).

Cancellations will be applied against booked CMO+ orders without order delay. Users will be provided with the option (via optional order entry tag) to specify an interaction setting that will allow the CMO+ order to interact with other resting dark orders, but only upon initial entry of the CMO+ order **(Option 2)**

¹ Information on existing CMO attributes and features is included in <https://www.tsx.com/resource/en/1764/dark-liquidity-guide-v1.pdf>

² Any change to minimum size for the entry of CMO+ orders will be made through an Operations Notice, as would currently be the case for the existing CMO functionality.

continue to apply appropriate execution logic to ensure conformance with dark price improvement requirements

APPENDIX A
EXAMPLES INVOLVING CONTRA MIDPOINT ONLY PLUS ORDER

Example 2.1: CMO+ order (Option 2) trades against all dark orders tradeable at the mid-point in order of standard dark priority and then books.

Same book as follows:

	Order Ref #	BID order type	Lit / Dark	Timestamp	Volume	BID	ASK
<i>PNBBO</i>						10.00	10.05
TSXV	1	Limit	Dark	10:00:05	1,000	10.03	
TSXV	2	Midpoint (non-CMO+)	Dark	10:00:02	2,000	10.025	
TSXV	3	CMO+ (Option 2)	Dark	10:00:09	5,500	10.025	

Action: Order #4 is released from the delay mechanism after a 425 millisecond delay . A sell CMO+ order (Option 2) for 4,000 shares marked IOC with a limit price of \$10.02.

Result: Upon release from the delay mechanism, Order #4 will trade 1,000 shares against the non-CMO+ Order #1 at the midpoint (\$10.025), on the basis that Order #1 has the highest priority due to the best price, and 2,000 shares against the non-CMO+ Order #2 at the midpoint (\$10.025) since it has the next best priority based on price and time. It will then trade the remaining 1,000 shares against Order #3 at the midpoint (\$10.025) as the next best priority. Note that trades against Order #1 and Order #2 are not marked as CMO+ trades, but the trade against Order #3 will be marked as a CMO+ to CMO+ trade.

2,000

Example 3: Booked CMO+ orders (Default Option 1, Option 2) will not trade against incoming non-CMO+ orders.

Book as follows:

	Order Ref #	BID order type	Lit / Dark	Timestamp	Volume	BID	ASK
<i>PNBBO</i>						10.00	10.05
TSXV	1	CMO+ (Default Option 1)	Dark	10:00:01	5,500	10.025	
TSXV	2	CMO+ (Option 2)	Dark	10:00:08	2,000	10.025	
TSXV	3	Midpoint (non-CMO+)	Dark	10:00:07	1,000	10.025	
TSXV	4	Limit	Visible	10:00:03	2,000	10.00	

Action: Order #5 received . A sell limit order for 2,000 shares priced at \$10.00.

Result: Order #5 will trade 1,000 shares against Order #3 at the midpoint (\$10.025) and the remaining 1,000 shares against resting visible limit Order #4 at \$10.00 on the basis that the better-priced resting CMO+ buy orders will only interact with another incoming CMO+ order.