

TSX VENTURE EXCHANGE INC.

NOTICE OF PROPOSED AMENDMENTS AND REQUEST FOR COMMENTS

TSX Venture Exchange Inc. (“**TSXV**”) is publishing this Notice of Proposed Amendments and Request for Comments. The Amendments (as defined below) will be implemented following receipt of approval by the British Columbia Securities Commission and Alberta Securities Commission (collectively, the “**Commissions**”) following public notice and comment.

Market participants are invited to provide comments. Comments should be in writing and delivered by June 21, 2021 to:

Denno Chen
Director, Regulatory Affairs
TMX Group
100 Adelaide Street West, Suite 300
Toronto, Ontario M5H 1S3
Email: tsxrequestforcomments@tsx.com

A copy should also be provided to:

Michael Brady
Manager, Market and SRO Oversight
Capital Markets Regulation Division
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, British Columbia V7Y 1L2
Email: brady@bcsc.bc.ca

Order Book. The ability to enter Conditional Orders will start at 7:00 am ET and end at 4:00 pm ET (the **“Conditional Order Period”**).

When there is a potential match in the Conditional Order Book, each applicable participant who entered a Conditional Order will receive an invitation to ‘firm up’ the desired size and price at which they wish to trade. Participants will have 0.5 seconds to ‘firm up’ their orders. All ‘firmed up’ orders in the Conditional Order Book will execute at the mid-point price of the protected National Best Bid and Offer (the **“mid-point”**). Subject to the Opt-in (as defined below), any remaining unfilled portion of the Conditional Order (a **“Remaining Order”**) will be cancelled.

Below is an example of the how the Amendments would operate:

Conditional Order to Conditional Order

Conditional Order book				
NBBO Mid-point 10.01				
Order	Broker	Volume	Side	Price
1	A	40,000	Buy	10.01

Remaining Order Opting-in to Interact with Dark Order

Conditional Order book			
NBBO Mid-point 10.01			

Order Broker Volume Side

Step 3 – Pro-rata allocation and resulting trades at Mid-point price 10.01point pr-

Conditional Order book				
NBBO Mid-point 10.01				
Order	Broker	Volume	Side	Price
2	B	15,000	Sell	10.01

Step 1 – Invitation

- Order 1 meets the global minimum size and issues an invitation to order 2.

Step 2 - New DRK order Arrives (Invitation outstanding)

NBBO Mid-point 10.01					
Order	Broker	Volume	Side	Price	Opt-In
3(Active)	C	1,000	Sell	10.01	NA

New DRK active order arrives during the period where the invitation has not expired, and is still outstanding. Firm DRK orders will execute against DRK orders that have issued an invitation to the conditional book. Order 1 has time priority over order 4 and receives a partial fill for 1000, and order 3 receives a full fill.

Resulting Trades (partial fills are rounded to the nearest boardlot as per TSXV's rules)		
Order	Broker	
1	A	Partial fill for 1,000
3	C	Full Fill for 1,000

Step 3 - Conditional order firms

Order 2 firms for full sell volume, and Opts to sweep DRK. Order 1 still meets global minimum size and is fully executed against the firm conditional order 2. Order 2 receives 9,000 share partial fill.

Total Dark MP Buy Volume = 9,000		
Total Conditional Sell Volume = 15,000		
Order	Broker	Resulting Trades (partial fills are rounded to the nearest boardlot as per TSXV's rules)
1	A	Full fill for 9,000 shares
2	B	Partial fill for 9,000 Remaining 6,000 sweeps DRK and is executed against order 4
4	D	Executes against order 2 for a full fill of 5,000

Expected Date of Implementation

The Amendments are expected to be implemented following receipt of regulatory approval, and are anticipated to be implemented in Q4 2021.

Expected Impact

The Amendments are expected to have a positive impact on market participants. The Amendments are anticipated to provide market participants with the opportunity to seek price improvement on large size orders while minimizing market impact. As such, participants who utilize Conditional Orders may see price improvement for their large size orders.

Expected Impact of the Amendments on TSXV's Compliance with Applicable Securities Law

The Amendments are in compliance with applicable securities laws and do not impact fair access to markets or the maintenance of fair and orderly markets.

TSXV has applied to the Alberta Securities Commission for an exemption order in respect of the requirement in subsection 7.1(1) of National Instrument 21-101 – *Marketplace Operation* (“**NI 21-101**”) that requires a marketplace that “displays” orders of exchange-traded securities to provide accurate and timely information regarding orders for the exchange-traded securities displayed by the marketplace to an information processor (the “**Pre-Trade Information Transparency Requirement**”). In a Dark Order Interaction, the invitation sent to the Conditional Order could be considered to be a “display” of the Dark Order that generated it, and could be subject to the Pre-Trade Information Transparency Requirement, which is at odds with the anticipated benefits and appeal of using Conditional Orders and Dark Orders. Therefore, to the extent that the benefits of a Dark Order Interaction conflict with the Pre-Trade Information Transparency Requirement, TSXV has applied to the Alberta Securities Commissions, in its capacity as principal regulator, for an exemption order pursuant to section 15.1 of NI 21-101 in regards to the Pre-Trade

Information Transparency Requirement.

In support of its exemption application, TSXV has noted that:

APPENDIX A

BLACKLINE OF AMENDMENTS TO TSXV RULE BOOK

RULE A. 1.00 – INTERPRETATION

A1.01 – Definitions

In these rules unless the context otherwise requires:

[...]

“Conditional Order” means a non-committed order entered in the Conditional Order Book that generates an invitation to send a firm order when there is a contra side match.

Added [], 2021

“Conditional Order Book” means the non-displayed electronic file that holds Conditional Orders. Orders in the Conditional Order Book must meet a minimum size determined by the Exchange and approved by the applicable regulator, from time to time.

(f) Notwithstanding anything to the contrary in this rule book, Conditional Orders entered for execution