

**TSX INC.**

**NOTICE OF PROPOSED AMENDMENTS AND REQUEST FOR COMMENTS**

**TSX**

Contained in Form 21-101F1 and the Exhibits Thereto".

Market participants are invited to provide comments on the proposed changes. Comments should be in writing and delivered by July 19, 2021 to:

Anastassia Tikhomirova  
Legal Counsel  
TMX Group  
100 Adelaide Street West, Suite 300  
Toronto, Ontario M5H 1S3  
Email: [tsxrequestforcomments@tsx.com](mailto:tsxrequestforcomments@tsx.com)

A copy should also be provided to:

Market Regulation Branch  
Ontario Securities Commission  
20 Queen Street West  
Toronto, Ontario M5H 3S8  
Email: [marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

Comments will be made publicly available unless confidentiality is requested. Upon completion of the review by Commission staff, n 0 00 G[ )JTJET{20}3( )-4(n)-25(r)-3(ev)1Gp(uns)39(onc-3(ev)1Go4(,)6( )-00

## *1. Introduction of the defined terms, TSX Closing Price, TSX Bid, and TSX Ask*

Currently, the TSX Rulebook does not define a last bid price, last ask price or a closing price for any security. Instead, it is implied that the last sale price of a security is used to determine the closing price. The last sale price of any security is, depending on the security, either the last board

### **MOC**

However, if a security is thinly traded, its last board lot sale may have occurred hours or days prior to the close of the current trading day.

The vast majority of ETFs trade infrequently when compared to their underlying basket of securities. For thinly traded ETFs, the last sale price may not always be an accurate reflection of the current Net Asset Value **NAV**

may have occurred hours or days earlier. Bid and ask quotes for thinly traded securities could also be hours or days old. In addition, cancelled orders by ETF market makers could affect the bid and ask quote. TSX seeks to reduce the burden on investors and data vendors by creating a methodology for establishing an TSX Ask, an TSX Bid, and an TSX Closing Price for TSX securities. Disseminating a single new message on the TSX data feeds with these three new data points will allow interested parties to easily and conveniently identify a closing price and the associated closing bid and closing ask. In addition, the proposed methodology will provide for more accurate valuation for thinly traded ETFs and will improve the experience of investors, advisors, dealers, and asset managers when valuing the performance of ETFs.

### **TWAP**

10 minutes of trading to determine the TSX Last Ask, the TSX Last Bid, and, in the absence of a trade during those last 10 minutes of trading, the TSX Closing Price. Using this methodology would provide an improved reference point for portfolio valuations than a possibly stale last sale price. The TSX Bid and the TSX Ask will provide a realistic tight spread by calculating the time weighted average of bid quotes and ask quotes, respectively.

For securities other than ETFs, the TSX Closing Price will continue to be (a) in respect of a MOC eligible securities, the calculated MOC closing price, and (b) in respect of any other security (other than ETFs), the last board lot sale price of the security on TSX in the regular session. For securities other than ETFs, the TSX Bid and the TSX Ask will be the last posted bid price and ask price, respectively, in the regular trading session.

TSX would calculate, where applicable, and publicly disseminate, the TSX Closing Price, the TSX Bid and the TSX Ask at 4:10pm. In the event of a trade cancellation that would affect the TSX Closing Price, TSX will re-disseminate a revised TSX Closing Price at 5:00pm. The TSX Closing Price, the TSX Bid and the TSX Ask will initially be disseminated on Level 1 Real-time Data Feeds as a single new message type. TSX may, in the future, add the information to other data feeds based on client feedback and demand

## **Calculations and Examples**

### **1. TSX Ask and TSX Bid Calculations**

The TSX Ask and TSX Bid will be determined by using a derived last bid price and a derived last ask price calculated as follows:

a) ) during the last 10 minutes of the regular trading session, then:

the TSX  
and  
the TSX

**TBB**

**TBO**

<b>Example 1.a</b>				
	Time	TBB	TBO	Duration in seconds
1	3:50:00	10	10.1	312 seconds
2	3:55:12	10.01	10.1	287 seconds
3	3:59:59	10.02	10.1	< 1 second = rounded up to 1 second
		TBB = 10.0048 (TWAP)	TBO = 10.1 (TWAP)	Total duration 600 seconds

b) if there is no TBB during the last 10 minutes of the regular trading session, then:

the TSX Bid will be the last TBB of the current trading day, and





expected to be a large effort for the market participants. Service vendors would also need to make minor technology changes to consume and display the new information.

**Does the Proposed Amendment Currently Exist in Other Markets or Jurisdictions**

The Amendments are not novel in the Canadian market and NEO currently disseminates a NEO closing price for ETFs.

Outside of Canada, NYSE has a similar solution to address closing prices for ETFs.

**APPENDIX A  
BLACKLINE OF AMENDMENTS TO TSX RULE BOOK**

**PART 1 - INTERPRETATION**

**Rule 1-101 Definitions (Amended)**

(2) In all Exchange Requirements, unless the subject matter or context otherwise requires:

TSX

- a. in respect of an exchange traded fund, a derived closing price calculated in the manner determined by the Exchange.
- b. in respect of securities, other than exchange traded funds, the Last Sale Price.

**Added ( ## ##, 2021)**

TSX means the derived last ask price calculated in the manner determined by the Exchange.

**Added ( ## ##, 2021)**

TSX means the derived last bid price calculated in the manner determined by the Exchange.

**Added ( ## ##, 2021)**