

TSX INC.

NOTICE OF PROPOSED AMENDMENTS AND REQUEST FOR COMMENTS

TSX Inc. (“**TSX**”) is publishing this Notice of Proposed Amendments and Request for Comments in accordance with the “Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto” to reflect the introduction of Providing Dark Liquidity functionality (the “**PDL Amendments**”) and a Do Not Trade Self-Trade Prevention Order Feature (the “**Self-Trade Prevention Amendments**”, and together with the PDL Amendments, the “**Amendments**”).

Market participants are invited to provide comments. Comments should be in writing and delivered by June 14, 2022 to:

Joanne Sanci
Senior Counsel, 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:

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

Comments will be made publicly available unless confidentiality is requested. Upon completion of the review by staff at the Ontario Securities Commission (“**OSC**”), and in the absence of any regulatory concerns, a notice will be published to confirm approval by the OSC.

Background

PDL Amendments

TSX DRK provides deep liquidity and rich functionality, and offers fully non-displayed orders (“**Dark Orders**”) and features on TSX listed securities and is uniquely integrated with the TSX displayed order

- (ii) Cancel Oldest Self-Trade Prevention;
- (iii) Decrement Largest and Cancel Smallest Self-Trade Prevention; and
- (iv) Self-Trade Management Order Feature.

The four options that TSX currently provides will result in canceling one side of the order or allowing the orders to trade and not printing the trade on the public feed. With the introduction of the PDL Amendments, a fifth option, Do Not Trade Self-Trading Prevention option, will be available to prevent unintentional wash trading while providing liquidity on both sides of the DRK book.

Outline and Rationale of the Amendments

PDL Amendments

As mentioned above, TSX DRK does not currently have dark-only passive order types. By offering a dark-only liquidity providing order (“**PDL**”) pursuant to the PDL Amendments, liquidity providers and institutional clients can limit possible adverse selection by not interacting with the displayed market. Additionally, liquidity providers have the option for their PDL order to only interact passively (using the existing post-only feature in combination with PDL) and optionally prevent unintentional wash trading while providing liquidity

Scenario 1 - Current Rules: Seek Dark Liquidity Order

Order book before SDL order is received:



Scenario 3 - PDL order with Self-Trade Prevention option 'NoTrade' does not execute against own order; trades with another Participating Organization:

Order book before PDL order is received:

ID	Bid			Ask			ID
	Market	Quantity	Price	Price	Quantity	Market	
Broker A, Unique STP Key "BAYS9"	TSX (Dark)	100	10.00	10.02	400	TSX (Dark)	Broker B
Broker B	TSX (Dark)	100	9.99	10.02	100	TSX (Dark)	Broker C

TSX
(Displayed) 500 9.80

ID	Bid			Ask			ID
	<i>Market</i>	<i>Quantity</i>	<i>Price</i>	<i>Price</i>	<i>Quantity</i>	<i>Market</i>	
Broker B	TSX (Dark)	100	9.99	10.02	100	TSX (Dark)	Broker C

TSX
(Displayed) 500 9.80 10.02 200 TSX
(Dark)

Broker A,

Do the Amendments Currently Exist in Other Markets or Jurisdictions

With respect to the Self-Trade Prevention Amendments, the option to not trade and allow both orders to rest is currently available on MatchNow.

With respect to the PDL Amendments, both MatchNow and Nasdaq Canada currently have the ability to book liquidity providing orders that interact only with dark orders.