

## NOTICE OF PROPOSED AMENDMENTS AND REQUEST FOR COMMENTS

### TSX INC.

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” regarding certain changes to how Self-Trade Management interacts with Self-Trade Prevention on TSX, as described below (the “**Changes**”).

Market participants are invited to provide comments. Comments should be in writing and delivered by July 8, 2024 to:

Joanne Sanci  
Senior Counsel, Regulatory Affairs  
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:

Trading & Markets Division  
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 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, Outline and Rationale for the Changes**

Self-trade prevention (or “**STP**”) is an optional order feature that prevents two orders from the same broker from executing against each other based on unique trading keys defined by the broker. These features provide more opportunities for individuals to participate on both sides of the market (ie. buy/sell) without unintentionally violating ‘wash trading’ rules under the Universal Market Integrity Rules (“**UMIR**”). UMIR permits participants to place buy and sell orders on a market for a given stock at the same price so long as that participant only trades with others and does not cross its own orders. Preventing self-trading ensures there is no misleading appearance of additional trading in a stock.

Certain solutions to assist trading participants in managing accidental trades with themselves (“**wash trades**”) are currently available on TSX, TSX Alpha Exchange and TSX Venture, including, for example:

- (i) Cancel Newest Self-Trade Prevention;
- (ii) Cancel Oldest Self-Trade Prevention;
- (iii) Decrement Largest and Cancel Smallest Self-Trade Prevention;
- (iv) Self-Trade Management Order Feature (“**STM**”); and
- (v) Do Not Trade Self-Trade Prevention (known as “No Cancel (XM)” on Alpha DRK).

STM is an optional trading feature that suppresses trades from the public feed where orders on both sides of the trade are from the same broker and contain the same “self-trade key” defined by the broker. When a self-trade occurs, the order in the book appears on the public datafeed (or “”) as a cancelled or updated order, and no trade report is published. That trade is, however, reported to CDS. As these trades are suppressed from the public tape, the trades do not update the last sale price, or any trading statistics such as daily volume and share turnover.

STP proactively stops an order from the same broker from executing against each other by using unique trade keys, thereby avoiding the trade. In contrast, STM allows the orders to execute, but suppresses the resulting trade from the public datafeed.

Matching STM and STP orders with the same self-trade key will not prevent execution. As such, if an order with STM matches against an order with STP, the trade will be executed and will appear on the public tape. This trade will update the last sale price, and any trading statistics (such as daily volume and share turnover) until such time as the dealer may instruct TSX to cancel.

TSX is proposing to refine the approach regarding the handling of self trades within our trading system. Pursuant to the Changes, rather than publishing a trade to the public tape that is executed between a STM and STP (even where both orders have matching self-trade keys), we are

## Analysis of Impact

### *(i) Impact on Market*

We anticipate that the Changes will have a positive impact on the market structure, members, investors, issuers or the capital markets. TSX believes that the Changes are fair and reasonable, and will not create barriers to access.

### *(ii) Impact on Clients and Service Vendor*