

## NOTICE OF PROPOSED AMENDMENTS AND REQUEST FOR COMMENTS

### TSX VENTURE EXCHANGE INC.

TSX Venture Exchange Inc. (“**TSXV**”) is publishing this Notice of Proposed Amendments and Request for Comments regarding certain amendments to the TSXV Rule Book regarding certain proposed enhancements to the Market on Open auction (“**MOO**”), as described below (the “**Amendments**”). The Amendments 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 August 5, 2025 to:

Joanne Sanci  
Director, Regulatory Affairs  
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:

Michael Brady  
Deputy Director, Capital Markets Regulation  
British Columbia Securities Commission  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Email: [mbrady@bcsc.bc.ca](mailto:mbrady@bcsc.bc.ca)

Comments will be made publicly available unless confidentiality is requested. Upon completion of the review by staff at the Commissions, and in the absence of any regulatory concerns, a notice will be published to confirm approval by the Commission.

#### **Background, Outline of the Amendments and Rationale**

The MOO is a key component of the TSXV trading ecosystem, enabling efficient and transparent price discovery at the start of each trading day. Operating as an electronic call auction, the MOO consolidates liquidity and establishes the opening price for listed securities (the “**Opening Price**”). The Opening Price is widely used by market participants for various purposes, including index related calculations, and daily valuations.

The MOO occurs at 9:30 am each trading day. Orders for the MOO may be entered between 7:00 am and 9:30 am but will not be executed (the “**Pre-Open**”). Orders are preliminarily paired, but will not be executed until 9:30 am. This preliminary pairing of orders results in an indicative

calculated opening price (“**Indicative COP**”) being displayed to market participants, in which the Indicative COP is continuously updated as more orders are preliminarily paired. During the Pre-Open, orders can be amended or cancelled. Unlike the Market on Close auction, the MOO is a displayed order book, allowing market participants to view all entered orders. In addition to all order types that are available during the continuous trading session (i.e., 9:30 am to 4:00 pm), the MOO also allows a Limit on Open (“**LOO**”) order type, which functions exactly like a limit order except that it automatically cancels at the MOO if it does not execute.

The MOO procedures described above are also applicable if the entire market, or a particular stock, is halted during a continuous trading session (a “**Halt**”). In such scenarios, a shortened version of the MOO will take place, and during a Halt.

To further support price discovery and transparency at the market open, the following Amendments are being proposed:

- **Odd Lot Execution at the Opening Price:** Currently, odd lot orders trade at the opening Protected NBBO (National Best Bid and Offer), which may differ from the Opening Price. The Amendments propose that, where an odd lot member is assigned and there is an Opening Price, odd lot orders are guaranteed a fill by the odd lot member and are executed at the Opening Price, ensuring consistency across order sizes, however, they do not impact the Opening Price.
- **Introduction of Market on Open Order Type:** A dedicated Market on Open order type will be introduced, allowing market participants to enter orders specifically designed for execution at the MOO. Similar to how market orders function today in the MOO, the Market on Open order type must be completely filled at the MOO. The Market on Open order type will have the same standing in opening allocation priority as a regular market order participating in the opening auction. Board lots, odd lots and mixed lots will all be permitted for the Market on Open order type. In TSXV’s analysis of market open functions from TSXV’s global peers, it was discovered that TSXV did not have an order type named Market on Open, which differentiated TSXV from its global peers. This new Market on Open order type, while similar in function to a market order, ensures global alignment of TSXV’s MOO with those of its global peers.
- **Identification of Opening Trades:** All orders that execute at the MOO (“**Opening Trades**”) will be distinctly identified in market data feeds by a flag. This enhancement ensures that market participants and their clients can accurately track and report on MOO activity. Today, the Opening Trades are not uniquely identified on the public market data feeds, and market participants identify Opening Trades by approximating the trades based on time, opening price and quantity.
- **Enhanced Transparency for MOO:** Clients will now receive real-time messages of preliminarily paired board lot quantities and, where an odd lot member is assigned, imbalance (including side of the imbalance) changes for odd lot orders (collectively, “**Match Quantity and Imbalance Message**”). The Match Quantity and Imbalance Messages will be updated real-time as the information changes. While market participants are able to ascertain this information today from the visible order book, this change adds

efficiency and transparency that ultimately helps market participants make informed trading decisions.

- **Permitted Order Sizes for LOO:** Currently, only board lot orders are permitted on the LOO order type. With the Amendments, odd lot and mixed lot orders will also be permitted in the LOO order type.
- **Odd Lot Member Obligation:** Today, odd lot members are obligated to fill opening odd lots at the opening Protected NBBO. Under the Amendments, the odd lot member's obligation with regards to odd lot orders will be to execute them in the MOO at the Opening Price. This change will ensure alignment across the MOO and enhance price discovery for odd lots.

For ease of reference, the table below shows the Amendments compared to how the MOO operates today.

| Proposed Amendment                        | Existing Behaviour   | Proposed Behaviour   |
|---|--|--|
| Odd Lot Execution at Opening Price        | Eligible Odd lot orders execute at the opening Protected NBBO.   | Eligible Odd lot orders execute at the Opening Price. Where an odd lot member is assigned and there is an Opening Price, odd lot orders are guaranteed a fill by the odd lot member and are executed at the Opening Price, ensuring consistency across order sizes, however, they do not impact the Opening Price. |
| Introduction of Market on Open Order Type | No dedicated "Market on Open" order type. Existing order types include all orders typical for Central Limit Order Book (CLOB) and Limit on Open. | Same as existing order types, plus the addition of a new Market on Open order type. The Market on Open order type will have the same standing in opening allocation priority as a regular market order participating in the opening auction.   |
| Identification of Opening Trades          | Opening Trades are not uniquely identified on the public market data feeds; identified by approximation.   | All Opening Trades will be distinctly identified on public market data feeds by a flag (consistent with the Market on Close).  |
| Enhanced Transparency for MOO             | Market participants ascertain paired quantities and imbalance from the visible order book.   | Real-time messages of preliminarily paired board lot quantities and odd lot imbalance changes (i.e. Match Quantity and Imbalance Message) will be sent.  |
| Permitted Order Sizes for LOO             | Only board lot orders permitted for LOO order  | Board lots, odd lot and mixed lot orders are all permitted for LOO   |

| Proposed Amendment | Existing Behaviour   | Proposed Behaviour  |
|--------------------|--|---|
|                    | type.  | order type.   |
| Odd Lot Member     | Odd lot member fills opening odd lots at the opening Protected NBBO. | Odd lot member executes odd lot orders in the MOO at the Opening Price. |

## Blackline of Amendments

A blackline of the Amendments against the existing TSXV Rule Book is attached as **Appendix A** hereto.

## Analysis of Impact

*(i) Expected impact on the market structure, members and, if applicable, on investors, issuers and capital markets*

It is anticipated that the Amendments will have a positive impact on the market structure, members, investors, issuers and the capital markets. TSXV believes that the Amendments are fair and reasonable, and will not create barriers to access.

Market participants will be required to update their routing methodology and trading strategies to take the Amendments into account. While market participants are not required to obtain new data feeds to receive the Match Quantity and Imbalance Messages, technical developments may be required for market participants (including data vendors) to be able to read the Match Quantity and Imbalance Messages.

*(ii) Expected impact of the Amendments on TSXV's compliance with applicable securities law and in particular on requirements for fair access and maintenance of fair and orderly markets*

The Amendments will not impact TSXV's compliance with applicable securities law and in particular the requirements for fair access and maintenance of fair and orderly markets. As noted above, TSXV is of the view that the Amendments will support the maintenance of fair and orderly markets.

*(iii) Public Interest*

For the reasons mentioned above, TSXV is of the view that the Amendments are not contrary to the public interest.

### **Consultations undertaken in formulating the Amendments, including the internal governance process**

In formulating the Amendments, the internal governance process for TSXV was followed, which included receipt of the appropriate management-level approval, and all applicable internal groups at TSXV were consulted.

TSXV received feedback from clients through direct outreach and a roundtable discussion with selected market participants, both of which indicated general support for the Amendments.

### **Any alternatives considered**

No alternatives were considered.

### **Do the Amendments Currently Exist in Other Markets or Jurisdictions**

The Amendments generally align with global market practices. For example, each of NYSE and Nasdaq have similar market opening attributes as the Amendments.

### **Timing**

We intend to implement the Amendments in the Q4 2025, subject to regulatory approval and participant readiness.

## APPENDIX A

### BLACKLINED VERSION OF TSXV RULE BOOK REFLECTING THE AMENDMENTS

#### RULE C.2.00 – TRADING PROCEDURES AND PRACTICES

[...]

##### **C.2.08 – Responsibility for Odd Lots**

Pursuant to Policy CR11, where the Exchange allocates listed securities to an Odd Lot Member, the Odd Lot Member shall be responsible for guaranteeing tradeable odd lots ~~bids or offers at~~ the National Best Bid and Offer or at the COP, where applicable, through orders generated automatically by the trading system.

**Rule C.2.08 Amended May 1, 2009, and xx, 2025**