

**13.2 Marketplaces**

**13.2.1 Nasdaq CXC Limited – Notice of Proposed Changes and Request for Comment**

**NASDAQ CXC LIMITED**

**NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT**

Nasdaq CXC Limited (Nasdaq Canada) has announced plans to implement the changes described below in Q2, 2020 subject to regulatory approval. Nasdaq Canada is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto (Exchange Protocol). Pursuant to the Exchange Protocol, market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by January 23, 2020 to:

Market Regulation Branch  
Ontario Securities Commission  
20 Queen Street West, 22nd Floor  
Toronto, ON M5H 3S8  
Fax 416 595 8940  
Email: [marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

And to

Matt Thompson  
Chief Compliance Officer  
Nasdaq CXC Limited  
25 York St., Suite 900  
Toronto, ON M5J 2V5  
Email: [matthew.thompson@nasdaq.com](mailto:matthew.thompson@nasdaq.com)

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

**NASDAQ CXC LIMITED**

**NOTICE OF PROPOSED CHANGES**

Nasdaq Canada has announced plans to introduce the following change in Q2, 2020 subject to regulatory approval. Nasdaq Canada is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Exchange Protocol.

Summary of Proposed Changes

Nasdaq Canada is proposing to make a change to its matching logic which will allow anonymous orders to be eligible for broker preferencing on the CXD Trading Book. Today, only attributed orders are eligible for broker preferencing.

Expected Date of Implementation

Subject to regulatory approval, we are expecting to introduce the broker preferencing for anonymous orders in Q2, 2020.

Rationale and Relevant Supporting Analysis

This change is being introduced to provide Nasdaq Canada Exchange Members with more opportunities to benefit from the lower trading costs and best execution opportunities that can result from internalizing orders. Although we realize that this change will facilitate new opportunities for internalization, we are making this change for competitive reasons to align with other marketplaces that already support this feature. We would be supportive of a decision by the OSC to not permit broker preferencing for anonymous orders across all marketplaces and would be happy to remove this feature at the time a decision was made.

Expected Impact on Market Structure

The introduction of broker preferencing for anonymous orders in the CXD Trading Book may result in an increase of internalized trades. However, we believe the impact will be immaterial given that CXD as a dark book is an unprotected market for the purposes of the Order Protection Rule and is used by only a subset of members.

Expected Impact on the Exchange's Compliance with Ontario Securities Law

The proposed changes will not impact Nasdaq Canada's compliance with Ontario securities law and is compliant with the fair access provisions of National Instrument 21-101. We note that several previous precedents exist for marketplaces to introduce the same functionality.

Consultation and Review

This change is being made in response to feedback solicited by Members.

Estimated Time Required by Subscribers and Vendors (or why a reasonable estimate is not provided)

The proposed change will require development only for internal systems. Therefore, there is no time required for members or vendors to build for the change.

Will Proposed Fee Change or Significant Change introduce a Fee Model or Feature that Currently Exists in other Markets or Jurisdictions

Yes, MatchNow, NEO-D the CSE all support broker preferencing for anonymous orders. Nasdaq Canada also already supports this feature for M-ELO orders.

Any questions regarding these changes should be addressed to Matt Thompson, Nasdaq CXC Limited: matthew.thompson@nasdaq.com, T: 647-243-6242.