

GLOBAL BANKING AND MARKETS



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and

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Via Email

**Re: Request for Comments – Trading Policies Amendments re: Closing Price**

Scotiabank appreciates the opportunity to comment on the proposal by Aequitas NEO Exchange Inc. ("NEO Exchange" or "NEO") to amend the definition of "Closing Price" in the context of the Canadian exchange traded funds market.

We believe the proposal as presented addresses a shortcoming of the current prevailing definition of "Closing Price" in the Canadian market for infrequently traded securities, including many exchange traded funds. The reliance on the traded price of the last board lot may be appropriate in instances where securities are routinely traded near the close of each trading day. However, less-liquid securities may not trade near the close of each day, and moreover may not trade on the listing marketplace. The approach presented by NEO substitutes a potentially stale closing price with an estimate of the market quotation at the end of each day.

We believe the daily dissemination of closing prices and closing quotation information is a public good, and meaningfully contributes to transparency in the Canadian equity market. We agree with NEO's proposed mechanism for determining the closing price and closing quotation.

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We specifically wish to affirm that:

- The Weighted Closing Price should be based on the midpoint of the national best bid and offer, rather than that of the listing exchange.
- The published closing average bid and ask prices, as proposed, should be based on the national best bid and offer respectively, rather than that of the listing exchange.

We recognize that currently not all exchanges and ATS's in Canada allow trading in NEO-listed securities. Furthermore, certain marketplaces offering trading in NEO-listed securities do not disseminate quotations. In the event that other visible marketplaces begin to make NEO-listed securities available for trading, we believe quotation and trade information from these marketplaces should be included in the NEO calculation of closing price and closing quotation regardless of their order protection status.

Furthermore, we believe Aequitas' proposal to use quotation and trade data from other marketplaces to establish the marketplace's Closing Price is appropriate and benefits of the public at large. As such, we believe the important contribution of closing prices and quotations on public confidence in Canada's equity market should transcend commercial considerations regarding market data licensing.

We appreciate the opportunity to comment on this matter.

Respectfully,

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