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**RE: TSX INC. Notice of Proposed Amendments and Request for Comments
*MOC Modernization Proposal***

CIBC Capital Markets (CIBCCM) thanks you for this opportunity to comment on TSX INC. Notice of Proposed Amendments and Request for Comments *MOC Modernization Proposal* ("The Proposal").

CIBCCM is the investment banking platform of Canadian Imperial Bank of Commerce (CIBC). We are a registered Canadian broker-dealer, engaged in, among other things, providing equities trading and execution services to retail and institutional investors. Our comments reflect the views of an institutional broker dealer and a retail broker dealer who is an active participant in Canadian equity markets.

Our general position

In general, CIBCCM supports the objectives of The MOC Modernization Proposal, and we commend the TSX for the inclusive industry consultation process undertaken prior to the official regulatory publication of The Proposal.

During the course of this consultation and within the request for comments, three key areas for improvement within the existing market-on-close facility were identified for improvement:

1. Transparency
2. Alignment with global markets
3. Consistency of execution

The Proposal put forth by the TMX aptly addresses these areas of concern through the following means.

1. Transparency - where the desire for greater information in imbalance message content, and at an increased frequency was deemed essential to the improvement of operations within the market-on-close facility. Increased content and frequency will add to transparency, by allowing users to readily assess imbalance activity and price impact on a continuous basis.
2. Alignment with global market-on-close standards to the extent possible, and moving away from Canada's existing model as a global outlier, which may be perceived to make trading in Canadian markets challenging.
3. Consistency of execution designed to mitigate volatility and help prevent unexpected price and imbalance movements leading up to the close, through the introduction of mechanics to increase flexibility and provide more visibility into the MOC book.

We broadly support the proposed changes to market-on-close functionality designed to improve the trading experience for participants in the MOC facility.

Request for Clarification

Although, as stated, our general position is support for the framework proposed by the TMX, we respectfully request clarification on a number of specific items:

1. Introduction of Self Trade Management in the MOC Facility - We seek greater clarification on the introduction of self-trade management, and in particular how these orders may have the potential to distort imbalance messages on a pre-trade basis.
2. We note that per the request for comment, *"There are no changes to the allocation of MOC trades."* We believe The Proposal would benefit from greater guidance on how order priority will be determined in the future state of the MOC facility. In particular, with changes introduced to allow for market-on-close orders to be entered after the 3:50pm cut-off time, for limit-on-close orders to be entered without restriction before the freeze period, and the new limit-on-close orders to be entered during the freeze period repriced to the closing reference price. How are these changes being applied to the allocation of MOC trades?

Implementation Timeline

There are two major components to the proposed TSX MOC changes which include (i) market state changes and related order entry rules; and (ii) Additional fields to the imbalance message and more frequent dissemination of these messages.

The proposed target timelines indicate a delivery date of Q1 2021 for the publication of specifications and test availability. The request for comment states, *"Members would need to adjust their trading workflows and strategies to benefit fully from the new MOC order entry rules. This is not expected to be a large effort for the many members that are already participating in comparable US closing auctions. Service Vendors would also need to make technology changes to consume and display the new imbalance message content. In addition, changes to the MOC Imbalance Period and the introduction of the new MOC Freeze Period may also require technology changes."*

Many Canadian firms use third party executing brokers to access US marketplaces and it is these US executing brokers that may have developed the technology for US closing auction participation. Therefore, the above comment may not accurately reflect the work effort involved for many firms, nor the required system development time.

Our initial interpretation of these changes is that manual engagement from agency desks will become more difficult, if not impossible. In other words, imbalance information which may be communicated verbally today and traded in a manual fashion, will become significantly more automated once this modernization proposal comes into place.

In order for trading businesses to properly adapt to this automation, there will be work required to a variety of systems within the trading platform including but not limited to order management systems, execution management systems, algorithmic strategies, and market access tools. We respectfully request that rather than rushing the necessary technology developments, that the industry is permitted the appropriate time period to implement the required technology changes. This can only be truly determined upon completion of the comment period, and with the publication of the defined specifications to the industry at large.

In many circumstances, technology development priorities for a marketplace participant's business may be required to fall behind both marketplace developments and regulatory developments, neither of which may be in the best interest of the business, but are mandatory for serving our clients. In the case of the MOC Modernization Proposal, we are supportive of the proposed improvements to the trading environment in Canada and agree they are expected to have a positive impact, but nevertheless we are obligated to budget for work and resources required to implement these changes in a business plan that has already been formed for 2021.

The Market on Close facility serves a critical role in the functioning of Canadian equity markets. To put it simply, given the magnitude of the changes required to adapt to the MOC Modernization Proposal, we believe that the implementation timeline ought to reflect the appropriate level of due diligence to introduce wholesale changes to a key component of trading systems. We believe it prudent to be on record requesting that changes of this magnitude be given the necessary implementation period to appropriately plan and release the development work required so as to minimize any potential market disruptions.

We commend the TMX for putting together a thoughtful proposal and industry consultation, and appreciate the opportunity to provide our comments. Please feel free to contact us with any questions or requests for clarification.

Respectfully,

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