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BY ELECTRONIC MAIL: marketregulation@osc.gov.on.ca ; tsxrequestforcomments@tsx.com

RE: TSX NOTICE OF PROPOSED AMENDMENTS AND REQUEST FOR COMMENTS, the Information Contained in Form 21-101F1 and the Exhibits Thereto (MOC Modernization), as published October 15th, 2020

National Bank Financial Inc. ("NBF") appreciates the opportunity to comment on TSX's proposed enhancement. We support the OSC's stated mission to provide a securities regulatory system that protects investors from unfair, improper or fraudulent practices and fosters fair, efficient, and vibrant capital markets.

NBF is part of the diverse National Bank Financial Group ("NBFG") which: (i) manufactures mutual funds, owns proprietary distribution channels and supplies services to third party distributors; (ii) operates a discount brokerage firm; and (iii) is an IIROC-regulated investment dealer across Canada. We take great interest in initiatives contained in the Comment Paper and their potential impact on investors, the mutual fund industry, the investment industry and financial intermediaries.

Support for the Modernization Initiative

Let us begin by commending the TSX on the degree to which they consulted with all manners of stakeholder as they crafted this modernization proposal. Between industry roundtables, more directed consultation, and carefully crafted communication ahead of official proposal, the new structure of the close went through multiple iterations; each improved upon the last.

NBF broadly supports the feature functionality (MOC Modernization) as proposed by the TMX. While we do not believe that the closing facility in its current format is in any way broken or severely deficient, we do agree that the enhanced transparency and improved anti-gaming features in the proposed rule set represent significant improvements.

LOC Priorities

We do suggest that the proposed amendments be more specific on the prioritization of order matching between various types of Limit on Close (LOC) orders.

First, for greater clarity, we first suggest that LOCs entered after the freeze period have a different name from LOCs entered prior to the freeze period, as they seem to have different behaviours. One is typically



liquidity seeking while the other is liquidity providing, and their names should reflect their subtly different use cases.

Second, we would also suggest that the order matching priority be specifically delineated for these two different LOC order types, and that the matching logic reward those who put their best foot forward the earliest. Loosely this would result in the same price/time priority, but with greater certainty that the repricing of late LOC orders submitted during the freeze period cannot affect their priority relative to eligible LOCs entered before the start of the freeze period. In private conversations with designers of the facility we have been assured that this is the case, but we would like to see the explicit rules reflect as much.

Implementation Timing

The indicated implementation date of Q2 2021 seems achievable to us and we'd encourage the TMX to hold strong on this timetable. Clearly industry will need all the vendors lined up and ready to engage with the new structure, most significantly the new order types and processing the richer imbalance feed. But it has been our experience that as fish grow to the size of their tank, so too do development queues fit themselves to the shape of their relevant rule implementation timelines. Six months is plenty of time if we remain committed to this important proposal.

As always, we appreciate the opportunity to provide comments on this proposal.

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