



Via email: tsxrequestforcomments@tsx.com & marketregulation@osc.gov.on.ca

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Dear Anastassia Tikhomirova,

RE: Proposed New Definitions to TSX Rules: “TSX Ask”, “TSX Bid” and “TSX Closing Price”

This comment letter is being submitted on behalf of RBC Dominion Securities Inc., and Capital Markets (“RBC” or “we”). We are writing in response to the TSX’s proposal to add definitions to Rule 1-101 of the TSX Rulebook. RBC appreciates the opportunity to provide comments in relation to the Proposed Amendments.

Asset managers, brokers, and participants across the investment spectrum rely on the closing price for a wide variety of needs. The closing price plays an important role in determining the overnight value of positions, capital management, optimizing portfolios and helping investors measure their performance relative to industry benchmarks. Given its unique importance it’s critical that market participants have confidence in the ability of the closing price to accurately value all listed securities they transact in – especially less liquid ones.

RBC commends the initiative of the TSX to help improve the accuracy of closing prices for TSX–Listed Exchange Traded Funds (ETFs). There are currently over 1000 ETFs listed in Canada, encapsulating a wide variety of mandates and asset classes. The activity in these ETFs can often dislocate from the activity in the underlying constituents, given the number of overlapping options investors have available. The current practice of using the last board lot traded on the TSX to determine the closing price for ETFs exposes investors to stale prices that can be materially different from prevailing market and the net asset value (NAV). A readily available closing price reflecting the most up to date market information for ETFs is important to maintain investor confidence in the growing ETF landscape.

The methodology being proposed for calculating the closing price is a step in the right direction, but it could encapsulate more information. We believe a ten minute duration for the TWAP is sensible to smooth out sporadic quote fluctuations and the timing is aligned with the closing auction changes being enacted later this year. One improvement we’d recommend is using liquidity from all protected markets when calculating the best bid and offer in final ten minutes, instead of just the TSX. We believe this is

important, given the ETFs this proposal will impact trade infrequently and any incremental liquidity available on other exchanges can materially inform the calculation.

While closing prices for ETFs have their own unique challenges, we believe the TSX's thought process should also be extended to non-ETFs as well. Relative to its global counterparts Canada is a relatively illiquid market and there are many stocks that would benefit from not having stale closing prices. Similarly, other Canadian listing exchanges should adopt similar methodologies for closing prices.

We're encouraged to see the TSX join the Neo Exchange and U.S. counterparts in improving the accuracy of ETF closing prices. It will carry significant long-term benefits for market participants in a growing field of products. We encourage the TSX to continue to build upon this proposal by incorporating information from other markets in their calculation and extending its approach to non-ETFs that suffer from the same challenges.

Thank you again for the opportunity to comment on the Proposed Amendments. If you have any questions or require further information, please do not hesitate to contact the undersigned.

Ed Boyd
Managing Director
RBC Capital Markets

Cc:
British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Superintendent of Securities, Government of Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Provincial Government of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Department of Justice, Government of Nunavut