

B.11

CIRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.2 Marketplaces

B.11.2.1 Cboe Canada Inc. – Trading Policies Amendment – Notice of Approval

CBOE CANADA INC.

TRADING POLICIES AMENDMENT

NOTICE OF APPROVAL

In accordance with the *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto*, the Ontario Securities Commission (the “OSC”) has approved a Public Interest Rule amendment to the Cboe Canada Inc. (the “Exchange”) Trading Policies (the “Rule Amendment”).

On May 22, 2025, the Rule Amendment, which introduces a new visible Primary Peg order modifier for the NEO-L and NEO-N Trading Books, was published for comment. For additional details, please refer to the [Request for Comments](#) published on the OSC website and in the OSC Bulletin on May 22, 2025. One comment letter was received; the comments made in that letter, along with the Exchange’s response to each one, are set out in Appendix A.

A copy of the amended Trading Policies will be available on the [Exchange's website](#) closer to the date of implementation.

The Exchange is planning to implement the Rule Amendment on **September 30, 2025**.

Appendix A

SUMMARY OF PUBLIC COMMENTS AND RESPONSES

The following is a summary of comments received in response to the Request for Comments published on May 22, 2025 regarding the Rule Amendment to introduce a new visible Primary Peg order modifier, and the responses thereto. Capitalized terms used but not defined herein are as defined in the Trading Policies, the Request for Comments, and/or the Notice of Approval to which this Appendix A is attached.

One comment letter was received in response to the Request for Comments (from the Canadian Forum for Financial Markets).

Comment	Exchange Response
General support was expressed for the proposed new order modifier, given its efficiencies to traders and given the existence of an equivalent order type on other marketplaces in Canada.	The Exchange appreciates the general support for the Rule Amendment.
The commenter expressed concern with the “lack of data and supporting analysis on the rational [sic] and expected impacts” of the Rule Amendment. The commenter noted that the Request for Comments “does not provide any supporting analysis (either quantitative or qualitative),” including, in particular, no “data or analysis on the number of Cboe orders that are peg orders, the securities that are most frequently pegged, or the expected bandwidth costs for market participants, particularly those who do not trade ETFs.” The commenter also stated that the Request for Comments “does not include any substantive analysis on how the introduction of automated order types may impact different market participants (for example, smaller dealers) and the costs imposed.”	The Exchange believes that the proposed visible Primary Peg order modifier will improve efficiency and will democratize quoting capabilities for all Members. Primary pegged orders are expected to be used to facilitate quoting practices already being performed on the Exchange, making it possible for Members to conduct the type of trading that they are already engaged in, with less effort and cost; however, estimating the exact number of Primary Peg orders that may be used in the future by our Members would be a highly speculative exercise. (In fact, we fail to see how any marketplace could be expected to provide, as part of a Request for Comments, the “number” of orders using, or the securities most affected by, a new order type or modifier that does not yet exist on its marketplace.) Furthermore, we have no reason to believe that the new order modifier will create any “bandwidth costs for market[place] participants,” including those that do not trade ETFs, let alone any different impacts across different marketplace participants (including smaller dealers).
The commenter noted that “no alternatives were considered” by the Exchange in the Request for Comments.	The Exchange notes that it is common for marketplaces to indicate, as part of a proposed rule amendment, that no alternatives were considered (other than taking no action) when that is accurate. When a proposed rule amendment deals with a highly specific or technical trading matter (as is the case here), there may in fact be no viable alternatives (and taking no action may not be appropriate either). However, that should not be an impediment to regulatory approval of the proposal.
The commenter acknowledged that it does not object to the Rule Amendment, but took the view that “the level of detail and analysis in this Request for Comments falls short of what is expected under the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto [the “ Exchange Protocol ”], which is appended to [Cboe Canada’s] recognition order.” The commenter further indicated that, while the “practices of other exchanges may be relevant to a rule proposal, public interest rule changes should not be guided solely by those practices.” The commenter further cautioned “against the perfunctory use of the public consultation process.”	We disagree with the commenter’s view on what is “expected” under the Exchange Protocol. The points noted in our responses above (among other salient points) are explained in the Request for Comments, and we believe that this type of explanation and analysis is sufficient to meet both the letter and the spirit of the written requirements set out in the Exchange Protocol, particularly given the widespread use of the Primary Peg order type today, both in Canada and other jurisdictions (including the U.S.). To ensure a level playing field, all Canadian marketplaces must be held to the same standards, including with respect to the ability to introduce new or modified order types and how the requirements of the Exchange Protocol are to be applied. Moreover, evidence of the widespread existence and use of a particular order type on multiple marketplaces in Canada and abroad is absolutely relevant to whether a marketplace that does not yet offer that same order type should be permitted to do so, particularly

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Comment	Exchange Response
	when the order type offers obvious benefits, and no obvious detriments, for marketplace participants (whether individually or as a whole).