

B.11.2 Marketplaces

B.11.2.1 TSX Inc. – Proposed Amendments – Notice and Request for Comments

NOTICE OF PROPOSED AMENDMENTS AND REQUEST FOR COMMENTS

TSX INC.

TSX Inc. (“**TSX**”) is publishing this Notice of Proposed Amendments and Request for Comments in accordance with the “Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto” regarding amendments to the Toronto Stock Exchange Rule Book (the “**TSX Rules**”) regarding certain proposed enhancements to the Market on Open auction (“**MOO**”), as described below (the “**Amendments**”).

Market participants are invited to provide comments. Comments should be in writing and delivered by August 5, 2025 to:

Joanne Sanci
Director, Regulatory Affairs
TMX Group
100 Adelaide Street West, Suite 300 Toronto, Ontario M5H 1S3
Email: tsxrequestforcomments@tsx.com

A copy should also be provided to:

Trading & Markets Division
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8
Email: TradingandMarkets@osc.gov.on.ca

Comments will be made publicly available unless confidentiality is requested. Upon completion of the review by staff at the Ontario Securities Commission (“**OSC**”), and in the absence of any regulatory concerns, a notice will be published to confirm approval by the OSC.

Background, Outline of the Amendments and Rationale

The MOO is a key component of the TSX trading ecosystem, enabling efficient and transparent price discovery at the start of each trading day. Operating as an electronic call auction, the MOO consolidates liquidity and establishes the opening price for listed securities (the “**Opening Price**”). The Opening Price is widely used by market participants for various purposes, including index related calculations, and daily valuations.

The MOO occurs at 9:30 am each trading day. Orders for the MOO may be entered between 7:00 am and 9:30 am but will not be executed (the “**Pre-Open**”). Orders are preliminarily paired, but will not be executed until 9:30 am. This preliminary pairing of orders results in an indicative calculated opening price (“**Indicative COP**”) being displayed to market participants, in which the Indicative COP is continuously updated as more orders are preliminarily paired. During the Pre-Open, orders can be amended or cancelled. Unlike the Market on Close auction, the MOO is a displayed order book, allowing market participants to view all entered orders. In addition to all order types that are available during the continuous trading session (i.e., 9:30 am to 4:00 pm), the MOO also allows a Limit on Open (“**LOO**”) order type, which functions exactly like a limit order except that it automatically cancels at the MOO if it does not execute.

The MOO procedures described above are also applicable if the entire market, or a particular stock, is halted during a continuous trading session (a “**Halt**”). In such scenarios, a shortened version of the MOO will take place, and during a Halt.

To further support price discovery and transparency at the market open, the following Amendments are being proposed:

- **Odd Lot Execution at the Opening Price:** Currently, odd lot orders trade at the opening Protected NBBO (National Best Bid and Offer), which may differ from the Opening Price. The Amendments propose that, where a Market Maker is assigned and there is an Opening Price, odd lot orders are guaranteed a fill by the Market Maker and are executed at the Opening Price, ensuring consistency across order sizes, however, they do not impact the Opening Price.
- **Introduction of Market on Open Order Type:** A dedicated Market on Open order type will be introduced, allowing market participants to enter orders specifically designed for execution at the MOO. Similar to how market orders function today in the MOO, the Market on Open order type must be completely filled at the MOO. The Market on Open order type will have the same standing in opening allocation priority as a regular market order participating in the opening auction. Board lots, odd lots and mixed lots will all be permitted for the Market

on Open order type. In TSX's analysis of market open functions from TSX's global peers, it was discovered that TSX did not have an order type named Market on Open, which differentiated TSX from its global peers. This new Market on Open order type, while similar in function to a market order, ensures global alignment of TSX's MOO with those of its global peers.

- **Identification of Opening Trades:** All orders that execute at the MOO ("**Opening Trades**") will be distinctly identified in market data feeds by a flag. This enhancement ensures that market participants and their clients can accurately track and report on MOO activity. Today, the Opening Trades are not uniquely identified on the public market data feeds, and market participants identify Opening Trades by approximating the trades based on time, opening price and quantity.
- **Enhanced Transparency for MOO:** Clients will now receive real-time messages of preliminarily paired board lot quantities and, where a Market Maker is assigned, imbalance (including side of the imbalance) changes for odd lot orders (collectively, "**Match Quantity and Imbalance Message**"). The Match Quantity and Imbalance Messages will be updated real-time as the information changes. While market participants are able to ascertain this information today from the visible order book, this change adds efficiency and transparency that ultimately helps market participants make informed trading decisions.
- **Permitted Order Sizes for LOO:** Currently, only board lot orders are permitted on the LOO order type. With the Amendments, odd lot and mixed lot orders will also be permitted in the LOO order type.
- **Market Maker Obligation:** Today, market makers are obligated to fill opening odd lots at the opening Protected NBBO. Under the Amendments, the market makers' obligation with regards to odd lot orders will be to execute them in the MOO at the Opening Price. This change will ensure alignment across the MOO and enhance price discovery for odd lots.

For ease of reference, the table below shows the Amendments compared to how the MOO operates today.

Proposed Amendment	Existing Behaviour	Proposed Behaviour
Odd Lot Execution at Opening Price	Eligible Odd lot orders execute at the opening Protected NBBO.	Eligible Odd lot orders execute at the Opening Price. Where a Market Maker is assigned and there is an Opening Price, odd lot orders are guaranteed a fill by the Market Maker and are executed at the Opening Price, ensuring consistency across order sizes, however, they do not impact the Opening Price.
Introduction of Market on Open Order Type	No dedicated "Market on Open" order type. Existing order types include all orders typical for Central Limit Order Book (CLOB) and Limit on Open.	Same as existing order types, plus the addition of a new Market on Open order type. The Market on Open order type will have the same standing in opening allocation priority as a regular market order participating in the opening auction.
Identification of Opening Trades	Opening Trades are not uniquely identified on the public market data feeds; identified by approximation.	All Opening Trades will be distinctly identified on public market data feeds by a flag (consistent with the Market on Close).
Enhanced Transparency for MOO	Market participants ascertain paired quantities and imbalance from the visible order book.	Real-time messages of preliminarily paired board lot quantities and odd lot imbalance changes (i.e. Match Quantity and Imbalance Message) will be sent.
Permitted Order Sizes for LOO	Only board lot orders permitted for LOO order type.	Board lots, odd lot and mixed lot orders are all permitted for LOO order type.
Market Maker Obligation (Odd Lots)	Market makers fill opening odd lots at the opening Protected NBBO.	Market makers execute odd lot orders in the MOO at the Opening Price.

Blackline of Amendments

A blackline of the Amendments against the existing TSX Rules is attached as **Appendix A** hereto.

Analysis of Impact

(i) Expected impact on the market structure, members and, if applicable, on investors, issuers and capital markets

It is anticipated that the Amendments will have a positive impact on the market structure, members, investors, issuers and the capital markets. TSX believes that the Amendments are fair and reasonable, and will not create barriers to access.

Market participants will be required to update their routing methodology and trading strategies to take the Amendments into account. While market participants are not required to obtain new data feeds to receive the Match Quantity and Imbalance Messages, technical developments may be required for market participants (including data vendors) to be able to read the Match Quantity and Imbalance Messages.

(ii) Expected impact of the Amendments on TSX's compliance with Ontario securities law and in particular on requirements for fair access and maintenance of fair and orderly markets

The Amendments will not impact TSX's compliance with applicable securities law and in particular the requirements for fair access and maintenance of fair and orderly markets. As noted above, TSX is of the view that the Amendments will support the maintenance of fair and orderly markets.

(iii) Public Interest

For the reasons mentioned above, TSX is of the view that the Amendments are not contrary to the public interest.

Consultations undertaken in formulating the Amendments, including the internal governance process

In formulating the Amendments, the internal governance process for TSX was followed, which included receipt of the appropriate management-level approval, and all applicable internal groups at TSX were consulted.

TSX received feedback from clients through direct outreach and a roundtable discussion with selected market participants, both of which indicated general support for the Amendments.

Any alternatives considered

No alternatives were considered.

Do the Amendments Currently Exist in Other Markets or Jurisdictions

The Amendments generally align with global market practices. For example, each of NYSE and Nasdaq have similar market opening attributes as the Amendments.

Timing

We intend to implement the Amendments in the Q4 2025, subject to regulatory approval and participant readiness.

APPENDIX A

BLACKLINED VERSION OF
TSX RULES REFLECTING THE AMENDMENTS

Rule 4-603 Responsibilities of Market Makers

[...]

(2) A Market Maker shall trade on behalf of its own account to a reasonable degree under existing circumstances, particularly when there is a lack of price continuity and lack of depth in the market or a temporary disparity between supply and demand. In each of its securities of responsibility, a Market Maker shall, in accordance with this Rule and the Market Maker Agreement:

[...]

(e) guarantee fills at the CBBO [or at the COP, where applicable](#):

- (i) for incoming tradeable odd lots and the odd lot portion of mixed lots, and
- (ii) for booked odd lots which become tradeable due to a change in the CBBO;

[...]

Amended (November 27, 2017 [and \[X\], 2025](#))

[...]

Policy 4-802 Allocation of Trades

[...]

(4) Oddlot Facility

Market Makers also guarantee incoming tradeable odd lots at the CBBO [or at the COP, where applicable](#). A Market Maker's responsibilities in regard to odd lots are the same as its responsibilities for MGF's. Participating Organizations are not permitted to: split larger orders from a single account into odd lots; enter multiple odd lots from a single account (or from multiple accounts in the case of managed accounts or discretionary accounts) on a specific security on a given day; or enter the odd lot portion of a mixed lot order immediately prior to entering the board lot portion. Oddlot fills which occur in violation of the guidelines detailed above may be cancelled by the Exchange upon request by the Market Maker. Notwithstanding the above, the Exchange may cancel any trades deemed to be improper use of the Odd Lot facility, or take such other action as the Exchange considers appropriate in the circumstances.

Amended (February 24, 2012, November 16, 2015, November 27, 2017, ~~and~~ July 4, 2019, [and \[x\], 2025](#))