

**B.11.2.2 Nasdaq CXC Limited – Expanding Eligible Orders that can Interact with Midpoint Extended Life Orders (M-ELO)  
– Notice of Approval**

**NASDAQ CXC LIMITED**

**NOTICE OF APPROVAL**

**EXPANDING ELIGIBLE ORDERS THAT CAN INTERACT WITH MIDPOINT EXTENDED LIFE ORDERS (M-ELO)**

In accordance with the requirements set out in the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto (Exchange Protocol), the Ontario Securities Commission (**OSC** or **Commission**) approved amendments to the Nasdaq CXC Limited's (**Nasdaq Canada**) Form 21-101F1 expanding the eligible orders that Midpoint Extended Life Orders (**M-ELO Orders**) can execute against on the CXC Trading Book by permitting Mid-Peg Orders that have been posted at the midpoint of the National Best Bid or Offer for the Minimum Resting Time to also be able to interact with M-ELO Orders.

Nasdaq Canada's Notice and Request for Comment on the proposed functionality was published on the Commission's website and in the Commission's Bulletin on May 15, 2025 at (2025) 48 OSCB 4621. Three comment letters were received. A *Summary of Comments and Response* is provided below.

The new functionality is expected to be introduced before the end of the year. Nasdaq Canada will send a Notice communicating the effective date of this change.

## SUMMARY OF COMMENT AND RESPONSE

**Note:** *The response to the comment reflects the views of Nasdaq Canada and do not necessary reflect the views of the Ontario Securities Commission (OSC)*

The following is a summary of comments received in response to Nasdaq CXC Limited's (**Nasdaq Canada, or we**) Notice and Request for Comment regarding the proposal to expand the eligible orders that Midpoint Extended Life Orders (M-ELO) Orders can execute against on the CXC Trading Book by permitting Mid-Peg Orders that have been posted at the midpoint of the NBBO for the Minimum Resting Time to also be able to interact with M-ELO published on May 15, 2025. Three comment letters were received in response to the Notice from the following market participants:

1. Canadian Forum for Financial Markets
2. Scotiabank Global Banking and Market
3. National Bank Financial

GENERAL COMMENT	NASDAQ CANADA RESPONSE
Two commenters were supportive of the Proposed Change as it stands to de-segregate orders and remove a level of fragmentation in the marketplace today.	We thank these commenters for their comments and agree that providing access and integrating independent silos of liquidity benefits the marketplace.
One commenter raised an issue that the Proposed Change continues a trend of piecemeal regulatory efforts to increase the competitiveness of dark pool orders at the potential expense of the central limit order book.	We note that the regulatory framework for dark orders and dark marketplaces has been in place since 2016 with only minor amendments being made to them since that time. We also note that the Proposed Change includes the interaction of two dark orders operating today with the only change being that these orders will be able to interact with one another under certain conditions.
A commenter noted that the Proposed Change did not include a cost-benefit analysis.	The Proposed Change was filed in accordance with the requirements set out in the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto (Exchange Protocol) which do not require a cost-benefit analysis to be completed.
Two commenters raised issues around fair access given that a midpoint order may incur a fee should it interact with a M-ELO Order whereas it would have received a rebate if it had rested as a midpoint order.  The third commenter, however, believed that while recognizing the possibility of this same outcome that the proposal aligns with Fair Access as all participants are treated equally and can opt-out of the interaction.	We agree with the third commenter as i) all participants are treated equally, ii) the proposal includes the ability for a member to opt-out of the interaction if they desire and iii) understanding the fee structure and the ability to opt-out members are in control and have complete information to decide whether or not to have their midpoint order interact with a M-ELO orders and the associated fees that will apply in this scenario.  We also note that a member entering a midpoint order on the market is willing to pay a fee should this order be active and interact at the time of order entry and that this fee is higher than the fee for a MELO trade so comparing these two outcomes the Proposed Change would result in better economics.
A potential issue of there being some level of informational asymmetry as a Mid-Peg user will know when it interacts with a M-ELO order.	We note that the types of members using M-ELO orders are mixed and not exclusively institutional and therefore cannot be inferred. Therefore, not only are the number of M-ELO orders that would interact with a midpoint order small in number, but it is also not possible to identify what type of account you are interacting with when interacting with a M-ELO Order.