

B.11

CIRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.2 Marketplaces

B.11.2.1 Nasdaq CXC Limited – Introduction of CXD Conditional Order Book, CXD Connect and PureStream Connect – Notice of Approval

NASDAQ CXC LIMITED

NOTICE OF APPROVAL

INTRODUCTION OF CXD CONDITIONAL ORDER BOOK, CXD CONNECT AND PURESTREAM CONNECT

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 that include the introduction of a CXD Conditional Order Book (supporting CXD Conditional Orders and Extended Firm-Up Time Conditional Orders), and CXD Connect and PureStream Connect features to the CXD Trading Book. The amendments also include removing the Liquidity Seeking Order from PureStream's market model.

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 8, 2025 at (2025) 48 OSCB 4332. One comment letter was received; a *Summary of Comments and Response* is provided below.

The new functionality is expected to be introduced in October 2025. 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 its proposal to introduce a CXD Conditional Order Book (supporting CXD Conditional Orders and Extended Firm Up Time Orders), and CXD Connect and PureStream Connect features to the CXD Trading Book (together, **Proposed Changes**) published on May 8, 2025. One comment letter was received in response to the Notice from the following market participant:

1. Canadian Forum for Financial Markets

GENERAL COMMENT	NASDAQ CANADA RESPONSE
The commenter noted that the Proposed Changes did not include a cost-benefit analysis.	The Proposed Changes were 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). The Exchange Protocol does not require a cost-benefit analysis to be completed. We note however that similar considerations with regard to the benefits of the Proposed Changes are included in rationale and the expected impact of the Proposed Changes on market structure are included in each respective section of the Notice.
The commenter noted that the Proposed Changes will increase fragmentation with the introduction of the CXD Conditional Order Book.	While we recognize that Proposed Changes will create an additional order book within CXD, the introduction of CXD Connect and PureStream Connect will actually decrease fragmentation by permitting the integration of these order books within CXD that is not available today.
The commenter noted that "no alternatives were considered" by the Exchange in the Request for Comments.	We note that it is common for marketplaces to indicate that no alternatives were considered as part of the Exchange Protocol when it is accurate. In the case of the Proposed Changes which are very specific and very technical, there were no alternatives considered. The absence of there being alternative considered should not be an impediment to regulatory approval for the Proposed Changes.
The commenter raised an issue that a complicated structure which deliberately automates the holding up of orders, with the possibility of "shaped" order flow in a non-transparent manner, could be used contrary to fair markets.	We do not see an fairness issues with the introduction of additional conditional orders as they will be made available to all members, conditional order types are supported in the market today, and because they will encourage large block size orders that otherwise would be traded in the upstairs market to be traded electronically on a marketplace where they can achieve better execution outcomes while also increasing liquidity and access to more participants.
The commenter believed that the Exemptive Relief application should have been reproduced as a schedule to the Proposed Changes to better inform public comment.	We note that the Exemptive Relief application follows an independent process outside the purview of the Exchange Protocol and that previous exemptions (including the existing exemption in place for Nasdaq CXC Limited dated August 18, 2022) are published in the OSC Bulletin and available on the OSC website.