

**B.11.2.2 TSX Inc. – Market on Open Auction – Notice of Approval**

**TSX INC.**

**NOTICE OF APPROVAL**

**MARKET ON OPEN AUCTION**

**Introduction**

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits thereto for recognized exchanges, TSX Inc. ("**TSX**") has adopted, and the Ontario Securities Commission has approved, certain amendments to the Toronto Stock Exchange Rule Book (the "**TSX Rules**") regarding certain proposed enhancements to the Market on Open auction ("**MOO**") as set out in the Notice of Proposed Amendments and Request for Comment (the "**Request for Comments**") published by TSX (the "**Amendments**").

Capitalized terms used and not otherwise defined in the Notice of Approval shall have the meaning ascribed to them in the Request for Comments.

**Summary of the Amendments**

A copy of the Amendments can be found at [www.osc.ca](http://www.osc.ca).

**Comments Received**

On July 3, 2025, TSX published the Request for Comments and two comment letters were received. A summary of the comment letters received, together with TSX's responses, is attached as Appendix A. TSX thanks all commenters for their feedback and suggestions.

**Effective Date**

The Amendments will be effective in Q4 2025.

## APPENDIX A

## SUMMARY OF COMMENTS AND RESPONSES

## List of Commenters:

National Bank Financial Inc. ("NBF")

The Bank of Nova Scotia ("Scotiabank")

	<i>Summarized Comments Received</i>	<i>TSX Response</i>
<b>Introduction of the Market on Open Order Type</b>		
1.	<p>Both commenters were supportive of the proposed introduction of the MOO order type because the commenters were of the view that:</p> <ul style="list-style-type: none"> <li>This amendment would benefit all participants and would improve user experience without negative consequences. (NBF)</li> <li>This new order type will help clarify the process for investors relating to accessing the opening auction (even though the functionality already exists), and better aligns TMX with global standards. (Scotiabank)</li> </ul>	TSX thanks the commenters for their feedback.
<b>Identification of Opening Trades and Enhanced Transparency for Market on Open</b>		
2	<p>Both commenters were supportive of the proposed amendments relating to the identification of opening trades and publication of additional data because the commenter was of the view that:</p> <ul style="list-style-type: none"> <li>These amendments would improve user experience without negative consequences. (NBF)</li> <li>The new flag will be useful for post-trade reporting and analytics teams across the industry, and the enhanced data will be a valuable data point for the investment community, especially for market makers managing their MOO exposures. (Scotiabank)</li> </ul>	TSX thanks the commenters for their feedback.
<b>Odd Lot Execution at the Opening Price and Market Maker Obligation</b>		
3.	<p>One commenter was supportive of the proposed amendments regarding odd lot execution at the Opening Price because the commenter was of the view that is the "right thing to do for our marketplace" and aligns with both global standards, investor expectations and the treatment of odd lot orders in TSX's Market on Close.</p> <p>The commenter noted that odd lots are a significant part of the opening activity on TSX and that 70% of odd lot orders are executed at a different price than the official opening auction price. The commenter was of the view that this</p>	TSX thanks the commenter for its feedback.

	<b>Summarized Comments Received</b>	<b>TSX Response</b>
	discrepancy (i.e. the dislocation) as a “bug” rather than a feature. <b>(Scotiabank)</b>	
4	<p>One commenter was not supportive of the proposed amendments regarding odd lot execution at the Opening Price because the commenter was of the view that:</p> <ul style="list-style-type: none"> <li>the proposal does not adequately resolve underlying issues;</li> <li>registered trader participation would force market makers to enter wash trades to match offsetting liquidity, a function that should be performed by the matching engine rather than the dealer, which would also make the dealer responsible for choosing an opening price that incorporates odd lot liquidity demands, raising market integrity concerns; and</li> <li>significant development work and technological complexity would be introduced for the automated market making group at an already heavy time for trading infrastructure. <b>(NBF)</b></li> </ul>	<p>The Exchange disagrees with the commenter's views. The Amendments do not require a dealer to choose an opening price, nor do they create a risk of self-trade. The Exchange does not believe that the Amendments encourage the use of self-trades. The Opening Price is determined solely by board lot activity through the matching engine, consistent with existing practice. Odd lots remain outside the price formation process and are executed transparently at the Opening Price, with Market Makers providing the fill but not determining the price.</p> <p>The Exchange is also of the view that the operational requirements are neither novel nor disproportionate. Similar obligations already exist in the continuous session and the closing auction, where Market Makers guarantee odd lot executions without undue burden. While the Exchange does not have full visibility into any participant's technology infrastructure, as is always the case, the Exchange strives to strike the balance between making changes that benefit the industry as a whole and minimizing development work and costs of its participants. The Exchange believes that the benefits of having odd lots execute at the Opening Price may warrant certain participants to undertake technological upgrades. The Exchange believes that the Amendments will further strengthen the industry's confidence in the MOO, and improve overall investor experience.</p>
<b>Other Comments</b>		
5.	One commenter was supportive of the Amendments, viewing them as an improvement to the investor experience in Canada. <b>(Scotiabank)</b>	TSX thanks the commenter for its feedback.
6.	While one commenter was supportive of certain changes as described above, it was of the view that the overall Amendments would introduce significant risks, harm liquidity, and ultimately lead to poorer outcomes for investors. <b>(NBF)</b>	<p>The Exchange strongly disagrees with the commenter's conclusion. The Amendments do not introduce risk or harm liquidity. Instead, they align the opening execution price for odd lots with global standards, and enhance transparency by introducing real-time imbalance data. The Amendments were designed with the goal of creating an overall positive MOO experience for all participants.</p> <p>The Exchange disagrees with the view that the Amendments are detrimental to investors. On the contrary, the Exchange believes that investors benefit when odd lots trade at the opening price, when Opening Trades are clearly identified, and when participants have greater transparency during price formation. The Exchange believes these improvements strengthen the integrity of the MOO, improve user experience, and are fully aligned with its mandate to maintain fair and orderly markets in the public interest.</p>