

TSX VENTURE EXCHANGE INC.

NOTICE OF PROPOSED AMENDMENTS AND REQUEST FOR COMMENTS

TSX Venture Exchange Inc. (“**TSXV**”) is publishing this Notice of Proposed Amendments and Request for Comments. The Amendments (as defined below) will be implemented following receipt of approval by the British Columbia Securities Commission and Alberta Securities Commissions (collectively, the “**Commissions**”) following public notice and comment.

Market participants are invited to provide comments on the proposed changes. Comments should be in writing and delivered by December 7, 2020 to:

Denno Chen
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:

Doug MacKay
Manager, Market and SRO Oversight
Capital Markets Regulation Division
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, British Columbia V7Y 1L2
Email: dmackay@bcsc.bc.ca

Comments will be made publicly available unless confidentiality is requested. Upon completion of the review by staff at the Commissions, and in the absence of any regulatory concerns, a notice will be published to confirm the Commissions’ approval.

Proposed Amendments

TSXV is proposing amendments to the TSX Venture Exchange Rule Book (“**TSXV Rulebook**”) to allow anonymous Broker Preferencing (as defined below) against passive dark orders, and other amendments necessary to ancillary features (collectively, the “**Amendments**”).

Currently, under the TSXV Rulebook, an incoming attributed order from a broker will automatically be matched with another attributed order from the same broker on TSXV at the top price level regardless of its position in the order book (“**Broker Preferencing**”). Broker Preferencing is currently not available on anonymous orders, whether visible or dark.

The Amendments would expand the order types that would be eligible for Broker Preferencing where all passive dark orders would become eligible for Broker Preferencing.

Please see Appendix A for a blackline of the Amendments.

Rationale

Broker Preferencing on unattributed dark orders is becoming the industry standard in Canada. TSXV is proposing the Amendments as a result of client demand, for consistency with other Canadian marketplaces that offer similar functionality, and enhance our competitiveness.

Expected Date of Implementation

The Amendments will be implemented following receipt of regulatory approval, and TSXV anticipates implementing the Amendments as early as Q1 2021.

Expected Impact

TSXV does not expect any material impact on market structure, members, investors, issuers or the capital markets as other Canadian marketplaces already offer Broker Preferencing for unattributed dark orders. TSXV anticipates a minor positive impact for some members and investors in that they could further benefit from reduced intermediation on their unattributed dark orders. TSXV anticipates that the Amendments will increase execution quality and lower trade costs.

Expected Impact of the Amendments on TSXV's Compliance with Applicable Securities Law

The Amendments will not impact TSXV's compliance with applicable securities law and in particular the requirements for fair access and maintenance of fair and orderly markets. Broker Preferencing is a common feature for equity marketplaces in Canada, and other Canadian marketplaces already offer Broker Preferencing for anonymous dark orders.

Estimated Time Required by Members and Service Vendors to Modify Their Own Systems after Implementation of the Amendments

There are no expected mandatory technical changes required by members and service vendors since there are no changes to the specification to reflect the Amendments. Notwithstanding, TSXV anticipates that at least 60 days will be provided between regulatory approval of the Amendments and implementation, which should be sufficient to allow adoption by those that wish to take full advantage of the Amendments.

Do the Amendments Currently Exist in Other Markets or Jurisdictions

Broker Preferencing for Unattributed dark orders is currently available on NEO Exchange, Canadian Securities Exchange, and MatchNow.

On March 5, 2020, Omega Securities Inc. published a request for comment on, among other things, permitting Broker Preferencing on their lit and hidden orders, for both attributed and anonymous orders.

In addition, on March 10, 2020, the Ontario Securities Commission approved changes to the trading rules and policies of Nasdaq Canada to reflect the introduction of Broker Preferencing for unattributed (anonymous) orders.

**APPENDIX A
BLACKLINE OF AMENDMENTS TO TSXV RULEBOOK**

RULE A. 1.00 – INTERPRETATION

A1.01 – Definitions

In these rules unless the context otherwise requires:

[...]

“unattributed order” means an order ~~which is displayed~~ in the Book without the Member’s trading number.

Amended [●], 2021

[...]

C.2.06 – Allocation of Trades

[...]

- (3) Subject to Rule C.2.01(1), Rule C.2.01(2), and any conditions imposed on either the tradeable order or the offsetting order that would otherwise prevent the two orders from executing against each other, a tradeable order that is entered in the Book ~~and is not a Bypass Order (an “incoming order”)~~ shall be executed on allocation in the following sequence:
- (a) to offsetting orders entered in the Book by the same Member that entered the ~~incoming~~tradeable order according to the time priority of such offsetting orders in the Book, provided that the offsetting order is undisclosed, or in the case where the offsetting order is disclosed, neither the ~~incoming~~tradeable order nor the offsetting order is an unattributed order; then
 - (b) to offsetting orders in the Book according to time priority.

[...]

Amended January 19, 2009, January 13, 2012, November 16, 2015, ~~and~~ October 23, 2017, and [●], 2021