

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 July 19, 2021 to:

Anastassia Tikhomirova
Legal Counsel
TMX Group
100 Adelaide Street West, Suite 300
Toronto, Ontario M5H 1S3
Email: tsxrequestforcomments@tsx.com

A copy should also be provided to:

Michael Brady
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: brady@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 approval by the Commissions.

Background

TSXV is proposing to add three new definitions to **Section A1.01 of Rule A.100 of the TSXV Rulebook as follows:** TSXV Last Ask Price (“**TSXV Ask**”), TSXV Last Bid Price (“**TSXV Bid**”), and TSXV Closing Price (“**TSXV Closing Price**”), (together, the “**Amendments**”).

The purpose of introducing the TSXV Closing Price is to provide market participants with a standardized reference point for all securities. The purpose of introducing an TSXV Bid and an TSXV Ask is to provide a more reflective bid/ask value of a security as the spread can widen towards the end of the regular trading session and into the extended trading session.

Proposed Amendment

Please see **Appendix A** for a blackline of the Proposed Amendments. The Proposed Amendments and their rationale are outlined in more detail below.

Details and Rationale

1. Introduction of the defined terms, TSXV Closing Price, TSXV Bid, and TSXV Ask

Currently, the TSXV Rulebook does not define a last bid price, last ask price or a closing price for any security. The last bid price and the last ask price of a security are used for a variety of purposes, including portfolio valuations. Bid and ask quotes for thinly traded securities could be hours or days old. In addition, cancelled orders by market makers could affect the bid and ask quote.

TSXV seeks to reduce the burden on investors and data vendors by creating a methodology for establishing an TSXV Bid, TSXV Ask, and an TSXV Closing Price for TSXV securities. The TSXV Bid and the TSXV Ask will provide a more realistic spread by calculating the time weighted average of bid quotes and ask quotes, respectively.

Disseminating a single new message on the TSXV data feeds with these three new data points will allow interested parties to easily and conveniently identify a closing price and the associated closing bid and closing ask. In addition, the proposed methodology will provide for more accurate valuation for thinly traded securities and will improve the experience of investors, advisors, dealers, and asset managers when valuing their performance.

For TSXV securities, the TSXV Closing Price will continue to be (a) in respect of a MOC eligible securities, the calculated MOC closing price, and (b) in respect of any other security, the last board lot sale price of the security on TSXV in the regular session.

TSXV would calculate, where applicable, and publicly disseminate, the TSXV Closing Price, the TSXV Bid and the TSXV Ask at 4:10pm. In the event of a trade cancellation that would affect the TSXV Closing Price, TSXV will re-disseminate a revised TSXV Closing Price at 5:00pm. The TSXV Closing Price, the TSXV Bid and the TSXV Ask will initially be disseminated on Level 1 Real-time Data Feeds as a single new message type. TSXV may, in the future, add the information to other data feeds based on client feedback and demand.

Calculations and Examples

1. TSXV Ask and TSXV Bid Calculations

The TSXV Ask and TSXV Bid will be determined by using a derived last bid price and a derived last ask price calculated as follows:

- a) If there is a TSXV Best Bid and Offer ("**TBBO**") during the last 10 minutes of the regular trading session, then:
 - o the TSXV Bid will be the TWAP of TSXV Best Bid ("**TBB**") during that time period, and
 - o the TSXV Ask will be the TWAP of TSXV Best Offer ("**TBO**") during that time period:

Example 1.a				
	Time	TBB	TBO	Duration in seconds
1	3:50:00	10	10.1	312 seconds
2	3:55:12	10.01	10.1	287 seconds
3	3:59:59	10.02	10.1	< 1 second = rounded up to 1 second
		TBB = 10.0048 (TWAP)	TBO = 10.1 (TWAP)	Total duration 600 seconds

- b) if there is no TBB during the last 10 minutes of the regular trading session, then:
- the TSXV Bid will be the last TBB of the current trading day, and
 - the TSXV Ask will be the last TBO of the current trading day:

Example 1.b			
	Time	TBB	TBO
1	1:50:00 PM	10	10.1
2	2:15:12 PM	10.01	10.1
3	3:00:00 PM	10.02	10.11
		TBB = 10.02 (Last TBB)	TBO = 10.11 (Last TBO)

2. TSXV Closing Price Calculation

The TSXV Closing Price will be determined as follows:

- a) in respect of securities, by using:
- i. the calculated MOC closing price for MOC eligible securities, and
 - ii. the Last Sale Price (LSP) for any other security

Expected Date of Implementation

The three new data points are expected to be initially disseminated and labelled as derived data on TSXV data feeds in June of 2021. The Proposed Amendments are expected to be implemented following receipt of regulatory approval and TSXV will communicate to market participants that these data points have been relabeled as TSXV Closing Price, TSXV Bid, and TSXV Ask..

Expected Impact

The Amendments are not expected to have a negative impact on the markets. TSXV expects that the Amendments may benefit both institutional and retail investors.

In support of TSXV's public interest mandate, TSXV will apply various mechanisms to help increase transparency, minimize confusion and avoid negative outcomes for investors. TSXV will send out a product announcement clarifying the new features and set up discussions with various consumers. The TSXV Closing Price, the TSXV Bid and the TSXV Ask will initially be disseminated on Level 1 Real-time Data Feeds as a single new message type. TSXV may, in the future, add the information to other data feeds based on client feedback and demand.

As the Amendments do not impact any trading functionally, their implementation will not necessitate any changes to Investment Industry Regulatory Organization of Canada rules such as the Universal Market Integrity Rules or Member Dealer Rules. The intent of the Amendments is for the new definitions to be used for indicative valuations and not for marking to market or risk analysis.

Expected Impact of Proposed Amendment on TSXV's Compliance with applicable Securities Law

The Proposed Amendment 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.

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

The Amendments are expected to have a positive impact on the market participants, and may add convenience by simplifying the means of consuming this data. The Amendments do not affect or impact participating organizations' trading workflows, and consumption of the new data is not expected to be a large effort for the market participants. Service vendors would also need to make minor technology changes to consume and display the new information.

Does the Proposed Amendment Currently Exist in Other Markets or Jurisdictions

The Amendments are not novel in the Canadian market and NEO currently disseminates a NEO closing price for exchange traded funds.

**APPENDIX A
BLACKLINE OF AMENDMENTS TO TSXV RULE BOOK**

RULE A. 1.00 - INTERPRETATION

A1.01 Definitions (Amended)

In these rules unless the context otherwise requires:

[...]

“TSXV Closing Price” means the Last Sale Price.

Added ([•], 2021)

“TSXV Last Ask Price” means the derived last ask price calculated in the manner determined by the Exchange.

Added ([•], 2021)

“TSXV Last Bid Price” means the derived last bid price calculated in the manner determined by the Exchange.

Added ([•], 2021)