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# TMX Equities Trading Conference Wrap Up

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# Wrap-Up Stats

500+ Registrants    300+ Attendees

Average panel had

200-250 Attendees

25	Buyside	303	Sellside	62	Vendors
52	Regulator / Other	31	Speakers	53	TMX Employees

# Record Number of Sponsors



# Thank You to Our Sponsors

## GOLD:



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# Canadian Market Structure

How the changing dynamics in Canadian Market Structure are affecting the way participants interact with each other and the market.

## MODERATOR

**Michael Tintinaglia**, TMX

## PANELISTS

**Heather Killian**, Executive Director & Head, Global Electronic Trading, CIBC

**Peter Haynes**, Managing Director, TD Securities

**Rob Gouley**, Principal, Trading, OMERS

Panellists discussed TMX's Market on Close (MOC™) facility, which operates as an electronic call market and aims to provide equal access and opportunity for investors looking to source liquidity and participate in trades at the closing price, efficiency and accuracy in setting the closing price, and reduced volatility at the close. TMX introduced its New MOC model in October 2021. The new model enhances transparency, re-aligns its imbalance state, allowing entry of new market-on-close orders and limit-on-close orders on either side and any volume, with no cancels and aggressive price amends only.

Panellists agreed that the new model solved a problem, that it accommodates algorithmic interaction on the buy side, but that time is required to test and build these new ways of interaction. The new model has attracted more participants, and liquidity providers have increased their footprint.

Referring to institutional volume, they observed that multiple marketplaces were providing conditional orders that could be incorporated into electronic pools, to the advantage of buy-side clients.

Regarding price setting, they referred to the impact on prices of high-frequency traders, the practice of tailgating, the value of long-life orders and the need to incentivize setting better prices in the marketplace.

Panellists also discussed bilateral arrangements, the efforts in the U.S. and the European Union to minimize information leakage from such arrangements, and the impact of these efforts on Canadian markets, where different rules enable regulatory arbitrage. They debated whether Canada should blindly follow the U.S. in making regulatory changes or take an evidence-based approach to policy change, while observing that Canada needs to follow the U.S. to avoid impeding order flow.

Canadian regulations on crypto tokens need to evolve, they said, to enable traders to correlate risk to other instruments. With millions of tokens in circulation, a marketplace will inevitably develop for trading digital instruments, but a step-change will be required before trading becomes institutionalized.

# Making Markets Better

## MODERATOR

**Todd Hargarten**, Head of Client Relationship Management, TMX Group

## PANELISTS

**Luc Fortin**, President and CEO, MX & Global Head of Trading, TMX

**Rob Yeung**, Managing Director, Head of Global Equities and Financing Solutions, BMO Capital Markets

Current geopolitical and economic trends present a major challenge to the industry, where few participants have ever experienced the impact of such developments as stagflation.

Covid has also had an impact on the industry, as more individuals choose to continue working from home, especially if they or their families have been directly affected by the pandemic. Remote working limits the capacity of firms to nurture a social environment and develop a corporate culture, although individuals working at home have significantly raised their productivity in some areas such as technology.

Canadian market participants need to raise their investment in technology to keep pace with global markets and maintain growth. Since Canada's investment industry now operates in a 24-hour environment, connectivity is an essential factor in taking Canada to a global audience.

With this in mind, regulations have to evolve to enable the Canadian industry to compete successfully in a global environment.

Regulation also affects the ability of industry participants to enter the crypto market. At the moment, participants have no way of valuing crypto, partly because the rules remain undefined. The balance sheet of Tesla, for example, includes crypto, but investors have no way of valuing it.

MX plans to add crypto to its trading regimen, addressing the desire of many of its participants to service retail clients for crypto products.





# Buy Side Perspective: 20 Questions

Senior Buy Side traders discuss changing trends in the industry and how it's impacting the way they trade and source liquidity.

## MODERATOR

**Michael Tintinaglia**, TMX

## PANELISTS

**Kevin Chang**, VP, Head of Trading, 1832 Asset Management

**Carrie Freeborough**, SVP, Head of Global Trading, Mackenzie Investments

**Tyler Hildebrand**, Senior Trader, CI Global Asset Management

Questions ranged from the humorous to the practical. Asked about the most unbelievable story that someone had told him, one participant recalled a story about Bre-X, the Canadian gold-mining company, whose collapse in 1997 led to one of the biggest stock scandals in Canada.

On a more serious note, participants observed from their perspective on the buy side that sell-side traders should know their clients and keep in check their tendency to deliver an over-abundance of information to their buy-side counterparts. The buy side wants to know what salespeople are talking about with analysts and to let the buy side talk directly to analysts to obtain information that's unfiltered by sell-side concerns.

These concerns may have been exacerbated by the Covid pandemic. Working at home, the sell side has limited access to the office conversations that kept them informed about their clients. At the same time, traders became more efficient, focusing strongly on execution and eliminating unnecessary dialogue.

Buy-side participants said the street doesn't always understand the effort required to get a trade done or the limits on their interactions with portfolio managers.

They also agreed with earlier panels that the new TMX [note: the registered trademark is "TSX" not TMX] Market on Close facility has aligned the exchange with the rest of North America. But uncertainties related to closing will continue to create an emotional roller until the arrival of new entrants seeking liquidity at close.

To source liquidity, participants said that some order types help and that working with the sell side to increase transparency will contribute to reaching an amicable solution to liquidity challenges.

For the most part, panellists said they have not thinned their broker list, although they continue to add Commission Sharing Agreements.

**Buy-side participants said the street doesn't always understand the effort required to get a trade done or the limits on their interactions with portfolio managers.**







# Best Execution - A Marketplace Perspective

## MODERATOR

**Rizwan Awan**, President, Equities Trading and Head of TMX Markets, Products & Services, TMX Group

## PANELIST

**Ronan Ryan**, Co-Founder & President, IEX

Founded a decade ago, Investors Exchange (IEX) now averages 340 million shares a day, representing about 2.5% of market. The subject of journalist Michael Lewis's book called "Flashboys", published in 2014, IEX has recently attracted investment from the cryptocurrency exchange FTX and plans to launch a digital asset exchange with the approval of the U.S. Securities Exchange Commission. As observed in earlier sessions, regulation poses a major obstacle to crypto trading in the U.S. and Canada.

As the Covid pandemic stirred volatility, retail became much more significant in the market, but algorithms didn't interact with retail. As a result, the buy side had to find a new normal. As electronification accelerated during the pandemic, execution quality improved, making markets better.

At IEX, a speedbump that delays orders by 350/billionth of a second is designed not to slow things down but to get a head start to help in determining the best bid and offer across the board. It enables IEX to provide good-quality mid-point execution.



# The Future of Retail Post Pandemic

Heads of Retail Trading desks discuss the future of retail post-pandemic. Where do we go following years of record retail trading?

## MODERATOR

**Mark Jarrett**, Vice President, Enterprise Operations, TMX Group

## PANELISTS

**Nicholas Comtois**, Managing Director, Retail Trading Desk, National Bank Financial

**Tara Kennedy**, VP & Head of Trading, Wealthsimple

**Jeff Varey**, Vice President, Wealth Management Equity Markets, RBC Dominion Securities

As the pandemic unfolded and retail trading increased, negative rhetoric about the market began to proliferate through social media. A substantial number of retail investors were playing the market like a casino, investing on margin and taking large risks without educating themselves about the investment world. Panellists agreed that the number of retail investors would likely diminish in a bear market.

As order execution only (OLEO) operations, some of the panelists' organizations could not help investors by providing advice, but had to restrict themselves only to providing information. As volatility increased in the market, new investors began to realize that the market is not a casino and began to inform themselves about investment protocols.

Investment firms continue their efforts to educate retail clients, through video, print and social media, although a substantial number of investors ignore these efforts. Participants agreed that they can't force retail investors to educate themselves. As an alternative, they can provide support, delivering information to investors when they need to make a decision. Some provinces in Canada are trying to educate high-school students about investing, on the assumption that young people are more receptive to information that will help them in their adult years.

Regarding the relative wealth of retail investors, panellists pointed out that many individuals with small amounts to invest work with advisors who deal with brokers to execute trades of millions of dollars.

Ultimately, panellists said, retail investors want accurate information. They regard investing as part of their long-term goals, and they take their time before investing.

In the meantime, brokerages will continue to offer commission-free trading while diversifying their revenue sources to include such practices as securities lending and the imposition of subscription fees.

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Thank you for attending  
the 18<sup>th</sup> annual TMX  
Equities Trading  
Conference on June 8

We would be happy to hear  
your feedback on the event.

Please, scan the QR Code below  
to fill out our survey:





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