

# TMX Equities Trading Notice

## MOC Fee Update Notice

TMX Equities is pleased to announce that Toronto Stock Exchange and TSX Venture Exchange have received regulatory approval from the applicable securities regulators for updated and improved MOC execution fees that will become effective April 1, 2021 on MOC eligible securities across TSX and TSXV. Updated fee schedules can be found here ([TSX](#) / [TSXV](#)).

Current Fee Model:	New Fee Model:
· \$0.0002 / share / side where trade price is under \$1	· \$0.0002 / share / side where trade price is under \$1
· \$0.0025 / share / side where trade price is \$1 and over	· \$0.00225 / share / side where trade price is \$1 and over
· Per trade cap at maximum of \$25 / trade / side	· Per order cap of \$75 applies to orders placed before the first imbalance message is published

TMX Equities consulted extensively with industry stakeholders to identify opportunities to provide a more consistent and predictable experience for participants within the closing auction. The consultation process highlighted the following 3 areas to address:

### **Reduction in Base Fee**

TMX Equities aims to provide additional value to a broad subset of participants that trade within the MOC facility. To further this goal, the cost of MOC trading will be reduced by 10% on executions that are equal to or greater than \$1, decreasing from \$0.0025 per side / share to \$0.00225 per side / share. This change will result in a reduction in execution costs for the majority of participants.

### **Fee Certainty**

Many participants expressed concern regarding the current trade-based execution fee caps, where a large order may result in any number of trades and, while each would be capped at \$25, the total cost of the order is unknown. In response, the new MOC fee model provides for an *order* based cap of \$75, where any MOC order will have a maximum execution fee of \$75 regardless of how many trades are resulted. This change will eliminate pricing uncertainty and provide a consistent and predictable cost experience for orders that participate in the closing auction.

### **Incentivize Behaviour**

TMX Equities will use our fee structure to incentivize participants to place their on-close orders into the facility prior to the imbalance dissemination by removing the fee-cap for any orders submitted post-imbalance. This feature is designed to bolster the significance of any imbalance message, reduce late session volatility, and maximize the opportunity to solicit offsetting liquidity. TMX Equities feels that this feature will be of particular importance following the MOC modernization functional changes, where Market-On-Close orders are permitted up to the freeze period that commences at a randomized time between 3:56pm and 3:57pm EST.

The new MOC fee model will be implemented 6 months ahead of the MOC modernization functional changes scheduled for implementation in October, 2021. Please see Member Notice No. [2020-021](#). TMX Equities believes that it is important to provide sufficient separation between this fee change and the MOC modernization

functional changes to allow us and the Canadian capital markets community the opportunity to study the effects and implications of each change in isolation.

TMX Equities believes that the new MOC fee model will lead to better liquidity formation around the close along with more predictable pricing for our participants. We look forward to continued partnership with our clients as we work to improve Canada's equity markets.

For more information regarding this notice, please contact the Account Management Team.

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