

## **TSX Venture Exchange Inc.**

### **NOTICE OF APPROVAL**

#### **TSXV Closing Price, TSXV Last Ask Price, TSXV Last Bid Price**

TSX Venture Exchange Inc. (“TSXV” or “we”) will adopt, and the Alberta Securities Commission and British Columbia Securities Commission have approved, amendments to the TSX Venture Exchange Rule Book to add the definitions for TSXV Last Ask Price, TSXV Last Bid Price, and TSXV Closing Price.

#### **Summary of the Amendments**

TSXV will be amending the TSXV Rule Book by adding three new definitions to Section A1.01 of Rule A.100 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 Amendments will provide market participants with standardized reference points for all TSXV listed securities.

#### **Comments Received**

The Amendments were published for comment on June 19, 2021, and five (5) comment letters were received. A summary of the comments submitted, together with TSXV’s responses, is attached as Appendix A. TSXV thanks the commenters for their feedback.

#### **Effective Date**

The Amendments will be implemented and available on September 27, 2021, subject to stakeholder feedback and industry readiness and feedback.

## Appendix A

### Summary of Comments and Responses

#### List of Commenters:

Jack Rando, IIAC

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Shalomi Abraham, Invesco

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Nasdaq CXC Limited

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Ed Bundy, RBC Capital Markets

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Alex Perel, Scotiabank Global Banking and Markets

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Capitalized terms used and not otherwise defined in the Notice of Approval shall have the meaning in the Notice of Proposed Amendments and Request for Comments dated June 19, 2021.

Summary of Comments Received	TSXV Responses
<p>All five commenters were supportive of the TSXV Closing Price, TSXV Last Bid, and TSXV Last Ask proposal ("Proposal").</p> <p>One commenter noted that the Proposal would provide investors with better and more indicative valuations for ETFs and listed securities and meaningfully improve valuations and help reduce investor confusion.</p> <p>Another commenter added that the Proposal will move the industry closer to addressing long-standing valuation/reporting issues experienced by market participants in relation to these securities.</p> <p>Another commenter noted that the dissemination of the proposed data elements through changes to existing market data feeds, rather than through a zero-volume trade or FTP site, will greatly increase the range of downstream users that could take advantage of these calculated valuations.</p>	<p>TSXV thanks the commenters for their input and support.</p> <p>TSXV also thanks the commenters and industry participants for their time in collaborating with TSXV on this proposal.</p>
<p>Three commenters noted that the value of the calculations would be improved if they were based on the consolidated market quotations and not just the TSXV BBO.</p> <p>One of these commenters suggested that TSXV explore with other marketplaces the possibility of including away quotes in the calculations.</p> <p>Another commenter suggested that marketplaces</p>	<p>TSXV thanks the commenters for their input and suggestions.</p> <p>TSXV continually evaluates its broad offering of products to ensure that it consistently offers market participants options that offer value and reflect market needs. As with our normal process, any changes will involve industry consultation, may require regulatory approval, and appropriate notice will be given.</p>

<p>contributing to the NBBO allow TSXV to use their data for this purpose at no incremental cost. The commenter added that TSXV should also provide their data for similar calculations at other listing markets should those needs arise in the future.</p> <p>Another commenter suggested that the use of consolidated data be made a condition for approval as the creation of accurate reference last sale information is a matter of investor protection and market efficiency.</p>	
<p>Two commenters suggested that all other Canadian listing exchanges also adopt similar methodologies for closing prices.</p> <p>Three commenters suggested that the industry work together to settle on one single set of harmonized rules for derived closing valuations. These commenters noted the difference in the Proposal versus the solution currently being used by another Canadian marketplace which utilizes the last 15 minutes of trading.</p> <p>Two of these three commenters encouraged TSXV and the other Canadian marketplace that currently offers derived closing valuations to adopt the same TWAP time period for their respective calculations.</p>	<p>TSXV thanks the commenters for their input and suggestions. We will continue to engage with industry participants on these suggestions.</p> <p>TSXV continually evaluates its broad offering of products to ensure that it consistently offers market participants options that offer value and reflect market needs. As with our normal process, any changes will involve industry consultation, may require regulatory approval, and appropriate notice will be given.</p>
<p>All five commenters suggested that the Proposal be extended to also include all thinly-traded securities in Canada.</p> <p>One commenter added that Canadian preferred shares, convertible debt instruments and smallcap equities would all benefit from this approach.</p> <p>One of the commenters noted that some thinly traded securities may be holdings of ETFs so there is added value in being consistent with the two approaches.</p>	<p>TSXV thanks the commenters for their input and suggestions.</p> <p>TSXV continually evaluates its broad offering of products to ensure that it consistently offers market participants options that offer value and reflect market needs. TSXV will explore extending the Proposal to additional securities in the future.</p> <p>As with our normal process, any changes will involve industry consultation, may require regulatory approval, and appropriate notice will be given.</p>
<p>One commenter suggested that the methodology can be refined by consistently representing the TSXV Bid and TSXV Ask for ETFs and stocks, with a common methodology. The purpose of averaging the BBO over the final 10 minutes of trading is to overcome data quality issues, particularly in cases where a security is thinly-traded. The same data integrity concerns are lessened when price</p>	<p>TSXV thanks the commenter for the suggestion.</p> <p>TSXV continually evaluates its broad offering of products to ensure that it consistently offers market participants options that offer value and reflect market needs. As with our normal process, any changes will involve industry consultation, may require regulatory approval, and appropriate notice</p>

<p>discovery occurs in the market.</p> <p>The commenter suggested that:</p> <ul style="list-style-type: none"> <li>• In situations where a security has not traded in the last 10 minutes of regular market hours, the BBO is represented as the 10-minute TWAP of the displayed bid and offer respectively. This is the methodology currently proposed for all ETFs.</li> <li>• In cases where a trade has occurred in the final 10 minutes, the closing BBO is observed immediately after the last board lot trade has taken place, including in the closing auction. This approach would capture the market impact of the last execution of the day, including the impact of the closing auction. In the case of frequently-traded securities, and all securities where a closing auction has taken place, it would be functionally equivalent to the closing price snapshot at 4:00 PM currently proposed for common stocks.</li> </ul>	<p>will be given.</p>
<p>Two commenters noted that regulatory changes are needed so that stakeholders are permitted to use calculated prices/quotations beyond indicative valuations so that they can be incorporated into other official uses.</p> <p>One of the commenters specifically referred to the codification of valuation approach in IIROC Dealer Member Rule 200 and Form 1 and asked that IIROC, in collaboration with the CSA, investigate suitable amendments to the Dealer Member Rules to permit dealers to use derived valuations.</p>	<p>TSXV thanks the commenters for their suggestions.</p> <p>TSXV would welcome the opportunity to work with IIROC, CSA and other industry participants in pursuing suitable amendments to the Dealer Member Rules to permit dealers to use derived valuations.</p>
<p>One commenter noted that the Proposal does not consider situations where the last board lot may have traded on a different venue than that of the TSXV.</p>	<p>TSXV thanks the commenter for their input.</p> <p>TSXV continually evaluates its broad offering of products to ensure that it consistently offers market participants options that offer value and reflect market needs. As with our normal process, any changes will involve industry consultation, may require regulatory approval, and appropriate notice will be given.</p>