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Market Structure 101

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Canadian Equity Marketplaces Competitive Landscape

There are currently a total of 15 equity marketplaces competing for market share, offering a variety of different pricing models and order types

Dark vs Visible

- Visible markets display order size and prices
- Dark markets do not display order size publicly

Protected vs Non-Protected

- The Order Protection Rule (OPR) only applies to protected marketplaces, meaning that better priced orders displayed on protected marketplaces must be executed before orders at worse prices.
- IIROC publishes a list of protected and non-protected marketplaces on an annual basis, based primarily on market share
- A marketplace that does not meet the market share threshold will be protected only for its own listed securities.

Types of Pricing Models

- **Make – take:** Liquidity providing orders (“make” or “passive”) receive a rebate while liquidity taking orders (“take” or “active”) pay a fee
- **Inverted:** Opposite of make-take, where liquidity providing orders (passive) pay a fee while liquidity taking orders (active) receive a rebate
- **Symmetrical:** Both liquidity providing and liquidity taking orders pay a fee
- There is a fee cap of \$0.0017 per share for taking liquidity on non-interlisted securities over \$1 and \$0.0030 for interlisted securities

		Marketplace	Exchange Family	Volume Market Share (October 2018)*				Primary pricing model (TSX & TSXV-listeds)	Key differentiators (TSX & TSXV-listeds)
				TSX-listeds	TSXV-listeds	CSE-listeds	NEO-listeds		
Visible	Protected	TSX	TMX	57.8%				Make-take	Opening & Closing Auctions Long Life priority Market Making (MGF, Participation, Odd lot auto-ex) Extended trading session
		TSXV	TMX		70.4%			Make-take	Same as TSX, except no Market Making. Venture Odd Lot Dealers have odd lot auto-ex obligation.
		Nasdaq CXC	Nasdaq	8.4%	1.8%	1.8%		Make-take	Standard continuous trading model
		Omega	Omega Securities	5.4%	1.4%	4.7%		Inverted	Odd lot auto-ex
		Nasdaq CX2	Nasdaq	3.2%	3.9%	3.1%		Inverted	Odd lot auto-ex
	CSE	CSE	2.6%	2.4%	73.1%		Inverted	Market Making (GMF, Participation, Odd lot auto-ex)	
	Non-Protected**	Alpha	TMX	9.2%	3.4%			Inverted	Speedbump (1-3ms randomized) Minimum posting sizes for Post Only Odd lot auto-ex
		NEO-N	Aequitas	2.7%	3.2%	1.8%	3.1%	Inverted	Selective speedbump (3-9ms randomized) Size-time priority Inside size displayed (rolled back to NBBO)
		NEO-L	Aequitas	2.5%	4.8%	5.0%	94.3%	Make-take	NEO Trader & size-time priority Market Making (MMVA, Odd lot auto-ex)
		Lynx	Omega Securities	0.1%	0.0%	0.1%		Symmetrical	Standard continuous trading model
MATCHNow		ITG	7.0%	8.1%	7.8%	2.6%	Symmetrical capped	Combination of periodic auctions & continuous trading. Pro-rata allocation model Competing odd lot dealers	
Dark	Non-Protected**	Nasdaq CXD	Nasdaq	1.0%	0.4%	2.8%		Symmetrical & Asymmetrical (Free to remove for at-the-touch)	Standard continuous trading model
		Liquidnet	Liquidnet	0.2%	0.0%			Symmetrical	Negotiated trading model Buy-side to buy-side
		ICX	Instinet	0.0%	0.0%	0.0%		Symmetrical capped	Standard continuous trading model
		NEO-D	Aequitas	0.0%	0.0%	0.0%	0.0%	Inverted	NEO Trader & size-time priority. Ability to condition contra-side interaction.



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Thank you