



June 3, 2024

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Dear Sirs and Mesdames,

**RE: Introduction of CSE Market-on-Close Notice and Request for Comments, May 2<sup>nd</sup>, 2024**

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National Bank Financial Inc. (NBF) appreciates the opportunity to comment on the Canadian Securities Exchange's (CSE) notice and request for comments (RFC) to introduce a closing auction to its marketplace. We support the Ontario Securities Commission's stated mission to foster fair, efficient, and competitive capital markets.

NBF is part of the diverse National Bank Financial Group (NBFG) which: (i) manufactures mutual funds, owns proprietary distribution channels and supplies services to third party distributors; (ii) operates a discount brokerage firm; and (iii) is a CIRO-regulated investment dealer across Canada.

NBF believes that the RFC should be approved as-published. For investors, closing auctions provide an efficient means to discover and transact at a security's closing price. For issuers, being listed on an exchange with a closing auction is often a pre-requisite to being included in market indices tracked by passive investors, mutual funds, and exchange traded funds. Introducing a closing auction on the CSE would be to the benefit of both investors and issuers.

The particular auction design described in the RFC is substantially similar to a design used by another Canadian exchange, whose design in-turn closely replicates a closing auction used by a large American exchange. When this market design was first introduced to Canada in 2020, dealers and investors put significant efforts into ensuring that trading systems would be able to support such a market structure. Likewise, Canadian traders and portfolio managers invested significant time and energy to understand how best to interact with this market design. By introducing a design similar to an existing one, dealers and investors will not be burdened with excess development work. Any deviation from the design considered in the RFC introduces unnecessary technical and financial risk.

As always, we appreciate the opportunity to comment on the subject notice and request for comments.

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