

NASDAQ CXC LIMITED
NOTICE OF PROPOSED REAL TIME MARKET DATA FEE CHANGE AND REQUEST FOR
FEEDBACK

Nasdaq CXC Limited (Nasdaq Canada) has announced plans to implement the change described below subject to regulatory approval. Nasdaq Canada is publishing this Notice of Proposed Fee Changes in accordance with the requirements set out in the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto (Exchange Protocol). Pursuant to the Exchange Protocol, market participants are invited to provide the Commission with feedback on the Proposed Fee Changes.

Feedback on the Proposed Fee Change should be in writing and submitted by June 25, 2024 to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Email: marketregulation@osc.gov.on.ca

And to

Matt Thompson
Chief Compliance Officer
Nasdaq CXC Limited
25 York St., Suite 900
Toronto, ON M5J 2V5
Email: matthew.thompson@nasdaq.com

Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

NASDAQ CXC LIMITED
NOTICE OF PROPOSED REAL-TIME MARKET DATA FEE CHANGE

Summary of Proposed Real-Time Market Data Fee Change

Nasdaq Canada is proposing to change the currency that customers outside of Canada are invoiced for market data services¹ from Canadian Dollars to US Dollars (Proposed Fee Change). The determination of whether a customer is located inside or outside of Canada will be made based on the location of the address provided to Nasdaq Canada for invoices. Customers that provide an address in Canada will continue to be invoiced in Canadian Dollars whereas customers that provide an address outside of Canada will be invoiced in US Dollars. Where a customer provides an address outside of Canada, given current foreign exchange values the Proposed Fee Change will result in an increase to their fee. However, the economic impact of the Proposed Fee Change going forward will depend on changes in the foreign currency and will result in either an increase or decrease year-over-year.

Expected Date of Implementation

Subject to regulatory approval the Proposed Fee Change is intended to be implemented on July 1, 2024.

Rationale and Relevant Supporting Analysis

The Proposed Fee Change is being made to streamline the billing process for market data customers located outside of Canada by reducing administrative burden. Customers located outside of Canada are often required to manage the reimbursement process for withholding tax applied for Canadian services. In addition, where non-domestic customers do not support Canadian dollar bank accounts, they must manage the process of converting and paying in a foreign currency. The Proposed Fee Change will streamline the billing process for these customers by removing both administrative burdens.

The Proposed Fee Change is also being made to simplify and align Nasdaq Canada's billing practices with the billing practices used by other Canadian marketplaces today. All other Canadian Exchanges (Alpha Exchange Inc., Cboe Canada Inc., Canadian Securities Exchange, TSX, and TSX-Venture) and all ATSS that support visible trading books (Omega ATS and Lynx ATS) currently invoice non-domestic market data customers in US Dollars for the reasons described above. Consequently, the Proposed Fee Change will simplify billing practices for these customers by aligning practices across marketplaces.

Expected Impact

The Proposed Fee Change will provide non-domestic market data customers with an additional option of how their invoice for market data services will be generated. All existing market data customers will be asked to confirm the location of their billing address and will also be given the opportunity to make a change to this address if they desire. It is not possible to assess the number of customers that will be impacted or

¹ The Proposed Fee Change will apply to all market data services that are fee liable including: user fees and license fees including licenses for data feeds (effective on the date that the Proposed Fee Change is implemented), non-display, and last sale.

any associated level of economic impact from the Proposed Fee Change because this will depend on the number of customers that elect to use an invoice address outside of Canada which cannot be determined at this time. In addition, the impact from the differences in foreign exchange rates will fluctuate over time depending on differences in the value between the Canadian Dollar and US Dollar.

Recognizing that the actual monetary impact from the Proposed Fee Change cannot be determined, a conservative estimate can be made using the number of non-domestic customers today if they were to elect to be billed in US Dollars. The impact in Canadian dollars for each non-domestic customer that currently subscribe to the following real-time market data products are: \$528 for non-display licenses; \$1126 for data feed licenses and \$1626 for user fees. We note that the average number of users per customer is 104 with the highest number of users for a single customer is over 10,000.

Customers in the US that elect to be invoiced in US Dollars will realize operational cost savings as a result of the Proposed Fee Change because the cost to manage services billed in two different currencies will be removed. By consolidating their entire serviceable invoice into a single currency they will also be able to better predict the cost of their services as the impact of exchange rate changes will be removed because their invoice will be billed in their home currency.

We note that the same fees for market data services in place today will continue to be applied only instead in US Dollars to customers that are outside of Canada. And, as discussed above all Canadian exchanges and marketplaces that operate visible trading books all currently use the same practice as the Proposed Fee Change which means that customers will already be familiar with this billing practice and its impact on them.

Expected Impact on the Exchange's Compliance with Ontario Securities Law

There is no expected impact on Nasdaq Canada's compliance with Ontario Securities Law from the Proposed Fee Change and in particular the fair access requirements of National Instrument 21-101.

The Proposed Change does not represent an unreasonable condition or limitation to its services or will result in unreasonably discrimination among its clients. There are no Canadian regulatory requirements for non-Canadian customers to consume Canadian market data. Any customer that chooses to trade in Canada can either choose to register in Canada and become subject to Canadian regulation or rely on a Canadian registered dealer to trade. Therefore, the decision to consume market data for trading purposes by a non-Canadian client is optional and a business decision. Furthermore, for those customers that want Canadian market data there is no specific obligation for them to consume Nasdaq Canada market data. A customer is free to consume market data from any other Canadian marketplace. However as all other visible marketplaces support similar fee schedules where non-Canadian accounts are charged in US Dollars, the Proposed Fee Change should not be a determining factor in making this decision as it will not result in any relative cost savings.

Finally, as noted above, the majority of market data customers support affiliated businesses in Canada and therefore have a choice whether or not to be impacted by the Proposed Fee Change.

Consultation and Review

Feedback about differences in the billing practices used by Nasdaq Canada for market data services compared to other Canadian marketplaces has been received by different types of market data customers

for some time. Recent consultations were undertaken with a few large market data distributors to discuss what if any operational impact the Proposed Fee Change may have.

Estimated Time Required by Subscribers and Vendors (or why a reasonable estimate is not provided)

None.

Will Proposed Fee Change or Significant Change introduce a Fee Model or Feature that Currently Exists in other Markets or Jurisdictions

Yes. The Proposed Fee Change reflects a billing option used by all Canadian Exchanges (Alpha Exchange Inc., Cboe Canada Inc., Canadian Securities Exchange, TSX, and TSX-Venture, and all ATSs that that support visible trading books (Omega ATS and Lynx ATS).

Any questions regarding these changes should be addressed to Matt Thompson, Nasdaq CXC Limited:
matthew.thompson@nasdaq.com, T: 416-797-8228