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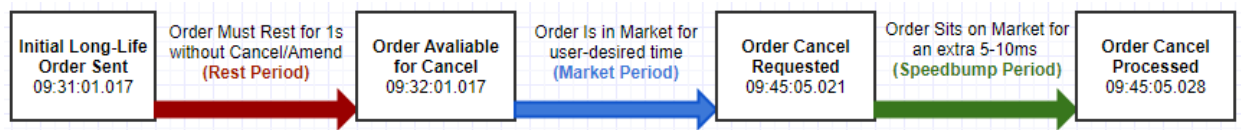
***Re: Notice of Proposed Amendments and Request for Comments – Long Life Order Type Changes***

TD Securities Inc. (TDSI) welcomes the opportunity to comment on the TSX's Proposed Amendments and Request for Comments to the long-life order type.

The long-life order (LL) is a critical equalizer for market participants who commit stable and accessible passive liquidity versus short-horizon latency-sensitive strategies. The usage of these orders by their intended beneficiaries (typically institutional investors and retail) has led to improved quote stability on primary markets, larger and more predictable fills and resultingly a better execution experience.

In general, we support helping natural liquidity providers better manage order workflows through firm timing flexibility. However, we are concerned that the proposed changes to LL order type in the exact state may pose adverse risks to both the intended users and the overall liquidity profile of Canada's primary marketplace.

**Anatomy of a TMX Long Life Order**



The TMX long-life order type grants queue priority ahead of normal time (post price/broker) orders if the user is willing to rest an order for at least one second on the market (Rest Period) AND be subject to a 5-10ms cancel speedbump (Speedbump Period / Cancellation Delay). The TSX is proposing to remove the second hurdle and allow long-life users to have immediate cancellation upon rest period completion. We believe that the queue priority benefit derived from its users as a reward for committed price discovery and stable liquidity is not commensurate without the fulfillment of both criteria. Although we are sympathetic to order management concerns, we believe the "Cancellation Delay/Speedbump Period" has been a core contributor to primary market order quality and a gatekeeper of unintended user activity. Note: the TSX will leave the delay on CFOs in order to eliminate the risk of gaming (ie place low bid using LL and reprice to top of book queue priority).

The one second rest criteria is arguably the easier hurdle to overcome for so-called fast traders. Sophisticated market participants theoretically have a trailing view of "perfect" information to construct probabilities on the expectation of an adverse move within one second, prior to exposing any committed risk. In contrast, having an order that is already committed and accessible by the market and not having the ability to remove it immediately entails a much stronger degree of risk and difficulty.

In the month of July, we looked at 100 of the highest retail traded symbols (non-ETF, non-CDR) and looked at the continuous trading volume (non-Open/Close, non-IC). We found that 66.5% of those shares were filled from orders that already rest one second or more in the market. This means that a significant portion of market volume naturally fulfills the first criteria, creating a major incentive for participants to now opt-in more of their orders into long-life.

#### Filled Share Breakdown of Sample 100 Popular Retail-Traded Symbols (Resting Period)

Orders Resting Time Period	Total Shares	Trade Price <\$10	Trade Price \$10 - \$25	Trade Price \$25 - \$75	Trade Price \$75+
>= 1 Second	1,355,639,100	481,339,600	335,465,800	389,002,700	149,831,000
< 1 Second	681,772,300	166,285,000	147,241,600	206,237,200	162,008,500
<b>&gt;=1 Ratio %</b>	<b>66.5%</b>	<b>74.3%</b>	<b>69.5%</b>	<b>65.4%</b>	<b>48.0%</b>

In a deeper dive for order resting time, we notice that 36.5% of fills are from orders that are even longer than 30 seconds. All in all, we don't believe that a singular 1 second rest period criteria is an appropriate differentiator of order flow that is deserving of a queue priority benefit.

#### Filled Volume Breakdown of Sample 100 Popular Retail-Traded Symbols (Extended)

Resting Time Period	Shares Traded	Shares % of Total	Notional Traded	Notional % of Total
Less Than 1 Second	681,772,300	33.5%	\$30,802,282,823	41.6%
1-10 Seconds	368,266,900	18.1%	\$16,809,785,063	22.7%
10-30 Seconds	242,453,700	11.9%	\$8,806,468,962	11.9%
30 - 60 Seconds	156,202,000	7.7%	\$4,778,105,191	6.4%
1 -5 Minutes	286,503,600	14.1%	\$6,761,433,333	9.1%
5- 30 Minutes	169,460,900	8.3%	\$2,961,392,368	4.0%
More than 30 Minutes	132,752,000	6.5%	\$3,169,197,393	4.3%

Consider the orderbook on a stock that is low dollar by price, say a \$2 stock that tends to move an average of 1% intraday. As a result of its tick constrained nature, the stock may trade within 4-5 ticks during the entirety of the day, leading to large queues built up on each price level as a method of prepositioning for time priority. A market participant could simply place bids at \$1.99, \$1.98, \$1.97, and offers at \$2.01, \$2.02, \$2.03 even at the beginning of the trading day, easily overcoming the one second rest period.

Next, consider when the stock has a significant intraday move, say gapping down 5 cents immediately. In the absence of the cancellation delay, the new long-life user could simply pull away all their buy liquidity at a moment where it was most demanded. In contrast, long-life orders today would support this demand and ensure liquidity seekers can access expected and displayed volume on the primary listing venue. In our opinion, rather than eliminate this delay to satisfy what appears to be the minority, market makers and the small group of speed-oriented electronic algo players unwilling to be subject to the market risk should avoid using this order type as it was not designed to avoid adverse selection completely.

Our view is that in the absence of the cancellation delay, we expect to see a significant uptick in long-life orders being used by market participants who do not represent the original profile of natural and committed providers of liquidity. We feel that existing users of this order-type (inclusive but not limited to retail participants and institutional investors) will experience diminished value to the order type and worse-off execution quality as more non-naturals migrate to using the LL order type.

To quantify the potential orders that would benefit from this change at the cost of the original long-life users, we look at how many orders would have been eligible for long-life and exhibited the described fading behavior above.

Given that the current long-life delay is 5-10ms, we filtered down the criteria to orders cancelled within 10ms of a future NBBO change. This is typical in that the "liquidity provider" fades away their quotes prior to a price move, which is not reflective of firm and natural liquidity provision.

*Cancel at TOB :  $\geq 1$  second resting orders that were at the best bid/offer that were cancelled within 10ms of a future NBBO change.*

*Cancel Anywhere : Same as above, but without needing to be the best bid/offer.*

*(Top 100 Retail Traded Names – July, 2024)*

<b>Fade Category</b>	<b>Order Count</b>	<b>Shares Committed</b>	<b>Notional Committed</b>
Cancel at TOB	1,628,161	470,376,500	\$13,467,341,965
Cancel Anywhere	7,961,207	4,804,233,400	\$106,681,951,751

In our analysis of the 100 symbols for the month of July, we found that at least 470mm shares (or 21mm shares per day) were cancelled off Top Of Book (TOB), and 4.8bil shares (218mm shares per day) inside the orderbook were faded prior to a price move. With the removal of the cancellation delay, these orders could now have queue priority over the current set of long-life users (with opt-in). In addition, with orders now empowered with queue priority benefits on the main market venue, we could see an increase in this overall behavior and reduction in true accessible liquidity.

We would also note that retail limit orders that are commonly marked long-life have the most to lose - given that they are typically displayed in full-size and have no need for order management flexibility. These orders are rarely cancelled and easily fulfill both criteria naturally. We wonder why orders that require millisecond option flexibility should be placed in the same class as this client order flow.

In our opinion, we think that the TSX should explore a shorter static delay on the cancellation period, as a compromise between users looking for certainty on cancel delay and maintaining a material enough cancel risk that the LL order type does not become utilized by 100% of the market. This would maintain a level of flexibility for order management while ensuring that committed orders enjoying priority benefits are not easily cancelled with latency-based information advantages.

We appreciate the opportunity to comment, and we are available to discuss the above with all relevant parties.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Wayne Wong', with a long horizontal flourish extending to the right.

Wayne Wong  
Director, Global Equity Derivatives  
TD Securities Inc. (TDSI)

Appendix – Selected 100 Retail Traded Symbols

AC	CNQ	HR.UN	PXT
ACB	CNR	HUT	QSR
AEM	CP	HWX	RCL.B
AGI	CPX	IMG	REL.UN
ALA	CS	IMO	RY
AP.UN	CTC.A	IVN	SGY
AQN	CU	K	SHOP
ARX	CVE	LNR	SLF
ATH	CXB	LSPD	SPB
BAM	DIR.UN	LUN	SRU.UN
BB	DML	MEG	SU
BBD.B	DOL	MFC	T
BCE	EDR	MFI	TA
BIR	EMA	MG	TD
BITF	ENB	NA	TECK.B
BMO	EQX	NGD	TOU
BN	FM	NPI	TRP
BNS	FRU	NTR	TVE
BTE	FTS	NVA	U.UN
BTO	FVI	NXE	VET
CCO	GEI	PAAS	VRN
CHP.UN	GSY	PEY	WCP
CJ	GWO	PKI	WEED
CLS	H	POW	WELL
CM	HBM	PPL	WSP