

# B.11

## CIRO, Marketplaces, Clearing Agencies and Trade Repositories

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### B.11.2 Marketplaces

#### B.11.2.1 Cboe Canada Inc. – Trading Policies Amendments – Notice of Approval

CBOE CANADA INC.

TRADING POLICIES AMENDMENTS

NOTICE OF APPROVAL

In accordance with the *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto*, the Ontario Securities Commission (the "OSC") has approved certain Public Interest Rule amendments to the Cboe Canada Inc. (the "Exchange") Trading Policies (the "Rule Amendments").

On August 15, 2024, the Rule Amendments, which pertain to several new functionalities for the NEO-L, NEO-N, and NEO-D Trading Books (collectively, the "NEO Platform") that the Exchange intends to adopt in connection with a planned migration of the NEO Platform to technology developed by its parent company, Cboe Global Markets, Inc. (the "Cboe Technology Migration"), were published for comment. For additional details, please refer to the [Request for Comments](#) published on the OSC website and in the OSC Bulletin on August 15, 2024. One comment letter was received; the comments made in that letter, along with the Exchange's response to each one, are set out in Appendix A.

A copy of the amended Trading Policies can be found on the Exchange's website.

The Exchange is planning to implement the Rule Amendments on **March 3, 2025**.

## Appendix A

## SUMMARY OF PUBLIC COMMENTS AND RESPONSES

The following is a summary of comments received in response to the Request for Comments published on August 15, 2024 regarding the Rule Amendments proposed in connection with the Cboe Technology Migration (the **Notice**), and the responses thereto. Capitalized terms used but not defined herein are as defined in the Notice.

One comment letter was received in response to the Notice (from National Bank Financial Inc.).

Comment	Exchange Response
<p>General support was expressed for the proposed changes. In particular, the commenter supports in principle the proposed updates to the Closing Call, which would bring the Exchange's closing auction functionality in line with other Canadian marketplaces. The commenter acknowledged that the proposal deviates from other Canadian market designs in some subtle ways in order to maintain similarity to other global markets. The commenter's view is that harmonizing Canadian and global markets is essential to ensuring that global investors can efficiently and confidently transact in Canada.</p>	<p>The Exchange appreciates the support for the Rule Amendments. In particular, we appreciate the positive feedback expressed with regard to some of the nuances that the Rule Amendments introduces to the Closing Call, which make it similar, yet distinctive within the Canadian context, thereby offering our clients (both Members and issuers) what we believe will be a compelling market alternative for trading around market close.</p>
<p>The commenter noted that it was unclear from the Notice whether auction imbalance messages will be sent from 3:56-4:00pm; it is the commenter's view that updates should be sent during this period.</p>	<p>As codified in Section 6.09 of the Trading Policies, as amended (and as published in Appendix A of the Notice), imbalance messages will be published "at the start of the Imbalance Period until the Closing Call at set time intervals as specified by Notice to Members," and that most certainly includes the new "Closing Offset" phase, which will run from 3:56 pm to 4:00 pm. This will be made clear in the Trading Functionality Guide (i.e., the "Notice to Members" required by the new rule) that will be published on or around the date on which the Rule Amendments are expected to be implemented (March 3, 2025). Unfortunately, after the Notice was published, it came to our attention that the table provided in section 2 ("New Closing Call") of the "Description of the Public Interest Rule Amendment" section of the Notice, which was meant to summarize the new Closing Call process in a visually simple way, contained a typographical error—namely, the text in the "Market Data" – "Message" sub-column for the "Closing Offset" row should have stated "Auction update every 10 seconds" (rather than "No auction message"). We apologize for the error and any confusion it caused.</p>
<p>Regarding order allocation priority in the closing auction, the commenter recommended a price/broker/time allocation similar to that used on the TSX, as distinguishing between "active" and "passive" sides is not relevant in the context of a call auction. Additionally, the commenter was of the view that the possibility of the sign of the imbalance "flipping" in the final moments of the continuous session could result in unexpected behaviour if different priority rules are applied depending on order side.</p>	<p>Our choice of words in the Notice (including the reference to "active" and "passive" orders) may have inadvertently caused some confusion. To be clear, the order matching priority applicable to the Closing Call is not changing; the same order matching priority that applies today (see Section 6.11 of the Trading Policies), will apply following the implementation of the Rule Amendments, except that one new order type (the Late Limit on Close or "LLOC" order) is being added to the mix. Nevertheless, the Exchange is open to making adjustments to the order matching priority applicable to the Closing Call at a future time, and we will seek out feedback from our clients before proposing any changes.</p>