

13.2 Marketplaces

13.2.1 Tradelogiq Markets Inc. – Lynx ATS – Notice of Approval

TRADELOGIQ MARKETS INC.

NOTICE OF APPROVAL

LYNX ATS

In accordance with the Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto, the Ontario Securities Commission has approved amendments to Tradelogiq Markets Inc. (**TMI**) Lynx ATS (**Lynx**) trading book.

Summary of the Amendments

A copy of the Amendments can be found at https://www.osc.ca/sites/default/files/2021-03/ats_20210204_tradelogic.pdf. Lynx intends to create a latency sensitive trader (“LST”) definition category and apply a speed bump on certain orders that originate from LST traders.

Comments Received

The Amendments were published for comment on March 11, 2021, and two comment letters were received. A summary of the comments submitted, together with TMI’s responses, is attached as Appendix A. TMI thanks the commenters for their feedback.

Implementation Date

The Amendments are expected to be implemented in or about Q2 2022, following notice by Tradelogiq.

Appendix A

Tradeloq Markets Incorporated (“We” or “TMI”) appreciates the thoughtful comments issued by the TMX Group Limited (“TMX”) and The Canadian Security Traders Association Inc. (“CSTA”) and are grateful for the opportunity to provide responses.

Comment	TMI Response
<p><u>TMX Fair access concerns: LST definition and participant specific speedbump application</u></p> <p><i>“We feel that the definition [of Latency sensitive trader] is unsuitably vague and does not sufficiently isolate those traders that are capable of engaging in high-speed latency arbitrage”</i></p> <p><i>“TMX Group believes that the imbalanced application of the speedbump to only LST participants does not adhere to the spirit of fair access”</i></p> <p><i>“The CSTA believes that the discrimination practice here is reasonable, and we do not see any fair access concerns.”</i></p>	<p>TMI’s LST definition and our decision to treat active LST orders differently than those originated by non-LST participants are both rooted in precedent. Two Canadian marketplaces have provided passive liquidity protection mechanisms for several years and their application has not resulted in unreasonable discrimination or deleterious effect to the Canadian liquidity environment. TMI feels that for any venue to effectively compete in the Canadian equity markets it is imperative to observe precedents.</p> <p>TMI agrees with the CSTA and thanks them for their comment.</p>
<p><u>Rationale</u></p> <p><i>“TMX Group is concerned that the rationale provided in the Notice does not demonstrate sufficient rigor to address the concerns of the impact to the Canadian investment community”</i></p>	<p>TMI continues to believe that there exists sufficient precedent to support the reasonable expectation that the proposed speedbump will positively affect Canadian capital markets. We further believe that this supposition has been bolstered by the support of the CSTA, who state that they “... do not see any fair access concerns”. TMI is encouraged by the lack of oppositional comments and feels confident that the proposal will lead to lower trading costs and price impact for the investment community. We intend to measure the ongoing effects of the proposal after implementation to ensure that our expectations align with reality.</p>
<p><u>Segmentation</u></p> <p><i>“The CSTA believes that treating retail and institutional orders differently seems unreasonable. We are disappointed to hear that the proposed changes will further increase the degree of retail segmentation”.</i></p> <p><i>“The TMX believes that any mechanism that is designed to provide conditional access to only one segment of market participants will clearly have an impact on market segmentation.”</i></p>	<p>TMI does not propose to treat retail order flow any differently than all other natural (non-LST) orders, we therefore contend that the proposal will not contribute to any segmentation among natural orders. While the proposal does intend to treat LST orders differently than natural orders, as retail order flow represents only a subset of all-natural order flow, we do not believe that the proposal will contribute to a meaningful increase in retail segmentation.</p> <p>In terms of overall segmentation of retail order flow in Canadian markets, TMI strongly believes that it is better to have retail order flow remain on lit markets than it is to have this flow traded off market like it generally does in the US. Ultimately, we believe that retail investors are better served if all participants are able to compete transparently on equal terms for retail order flow.</p>