



RE: ELASTIC MARKET ACCESS PRODUCTS (“EMA PRODUCTS”) AND PROPOSED FEE CHANGES

March 2, 2026

CONTENTS

I. Executive Summary..... 3

II. The Proposed EMA Products 3

III. Market Access Products in context..... 4

IV. Assessing the Fairness and Reasonableness of Market Access Products..... 4

V. The Competitiveness of Canada’s Equity Markets 6

VI. Conclusion..... 6

March 2, 2026

Attention:

Linda Zhang
Legal Counsel, Regulatory Affairs
TMX Group
100 Adelaide Street West, Suite 300, Toronto, Ontario, M5H 1S3
E-mail: tsxrequestforcomments@tsx.com

Dear Ms. Zhang,

RE: ELASTIC MARKET ACCESS PRODUCTS (“EMA PRODUCTS”) AND PROPOSED FEE CHANGES

The Canadian Forum for Financial Markets / Forum Canadien des Marchés Financiers (“**CFFiM**”) is dedicated to moving forward proposals to demonstrably grow healthy, competitive financial markets in Canada for the greater good. We are a mission-first, values-driven, purposeful, and reform-minded organization committed to Canada’s broader economic interests.

I. EXECUTIVE SUMMARY

The CFFiM commends the TSX Inc. and the TSX Venture Exchange Inc. (the “**Exchanges**”) for their continued efforts to enhance competitiveness with global markets by offering targeted flexibility for smaller participants.

The EMA Products nonetheless raise larger issues related to market access products, namely the fairness and reasonableness of these products and their impact on the competitiveness of Canada’s markets.

This correspondence addresses the considerations necessary to fairness, reasonableness and competitiveness and to elevating Canada’s public discourse surrounding the development, introduction, and maintenance of infrastructure products (e.g. co-location, 1GB, and 10GB lines) that are designed to optimize how participants connect to an exchange (“**Market Access Products**”).

II. THE PROPOSED EMA PRODUCTS

The proposed EMA Products help to address the need for accessible, flexible, and scalable co-location offerings to lower existing barriers to market access and to enable market participants to tailor their co-location operations to their business needs.

The proposed EMA Products are also responsive to the CFFiM’s past recommendations for increased flexibility to encourage smaller participants to compete profitably.¹ Fixed pricing models may exacerbate the increasing ratio of fixed costs of participation, further dampening and possibly breaking the relationship between secondary trading profitability and the need to underwrite primary offering risk using the economics and information from secondary trading. By lowering the cost of entry and enabling participants to scale outside long-term contracts, the proposed model allows smaller players to share

¹ [CFFiM TMX-Ultra-10GB-Connectivity](#), pp. 6-7

fixed access and connectivity costs more efficiently, gradually shifting the cost structure from fixed to variable for participants.

The CFFiM welcomes more of this type of innovation across market data and market access offerings, including through more flexible and bite-sized consumption options.

III. MARKET ACCESS PRODUCTS IN CONTEXT

Over the past two decades, market data and market access have been key drivers of rising fixed costs, which pale in comparison to the opportunity cost of trading or not trading. As Canadian marketplaces aim to remain competitive across emerging and latency sensitive trading models while expanding technology driven revenues, this consultation provides another opportunity to review fairness across Market Access Products and level set for a successful future.

National Instrument 21-101, *Marketplace Operation*, provides that a marketplace must not unreasonably prohibit, condition or limit access by a person or company to services offered by it², must not impose any burden on competition that is not reasonably necessary and appropriate,³ and its rules and policies must be designed to ensure just and equitable principles of trade.⁴

The introduction of new rules, products, services, and fees can create imbalances in how aspects of voluntary participation and competition evolve. When introducing new products, quantitative data is required to assess whether the product or related fee structure will disproportionately one tier of issuers over another by, for example, improving execution speed for Circuit Based Interconnect (“CBI”).

Products should be introduced which would allow smaller participants to better compete with larger participants who can economically avail themselves of high-capacity lines. Greater bandwidth for larger participants should not coincidentally mean access to the lowest latency to the trading engine. Yet, over several years, low latency can only be acquired at high bandwidth or capacity scales.

In the aforementioned context, data has not been provided in support of the proposed EMA Products.

IV. ASSESSING THE FAIRNESS AND REASONABLENESS OF MARKET ACCESS PRODUCTS

Market Access Products Cannot be Viewed in Isolation

The launch of singular Market Access Products and their pricing impacts should not be viewed in isolation from existing and incremental impacts to fair access to the Exchanges in totality. While the pricing and products within themselves need to be fair, the interplay between Market Access Products needs to be analyzed holistically as they form part of the Exchanges’ overall plans to enhance access.

Similarly, pricing fairness cannot be made in isolation from the product fairness, Market Access Products offered specifically by the TMX, and latency sensitivity fairness across the marketplaces in general.

² Section 5.1(1)

³ Section 5.1(3)(b)

⁴ Section 5.3(1) (iii)

Equidistance

The fairness and reasonability of the Exchanges' Market Access Products is dependent on equidistance. The CFFiM has previously requested confirmation and audit of equidistant cabling and enhanced transparency, including an architectural diagram, disclosure of latency variance, and hardware specifics to provide continuous assurance of fairness.⁵ In response the TSX Inc. advised:

“The Exchange operates on a foundational principle of fair access, in compliance with our regulatory obligations under National Instrument 21-101. We affirm our commitment to ensuring practical equity in access. The TMX Ultra 10Gb connections are engineered for equalized latency profiles, utilizing uniform hardware and certified equalized cabling, which ensures equitable access for all subscribers to this service.” (emphasis added)⁶

In order to apply the TSX Inc's statement across the Exchanges Market Access Products including the EMA Products, network diagrams should be produced. This may be done in redacted form to address commercially sensitive or proprietary information. The following questions also arise:

1. Are the equidistance cables of 10GB ultra the same as the legacy collocation?
2. Is cabling equidistance across all forms of EMA Products?

The requested transparency seeks to mitigate the risk that the market may inadvertently or otherwise ensconce latency disadvantages if equidistance is not in place.

Latency Variance

The fairness and reasonableness of the Exchanges' Market Access Products require clear demonstration that the distances between all relevant entry points do not provide an advantage – inadvertent or otherwise – to one party over another, that there are no artificial constraints to access, and that the scale of a participant on its own does not confer advantage.

This information could be provided through transparency of data on latency variance and architecture. The following questions address general concerns about latency insensitive order types and how they interact with latency sensitive information flows across Market Access Products:

1. Are Market Access Products at TMX facilities equidistant to the order entry gateway and order books in cabling?
2. When was the above noted cabling measured or alternative, when will it be measured?
3. Are there physical limitations to how many clients can be introduced to the EMA Products?
4. What is the maximum and minimum latency expected, and what is the distribution of latency outcomes expected?
5. How will message traffic be projected to change as more messages come on as supply is built?

⁵ https://cffim-fcmfi.ca/wp-content/uploads/2025/10/CFFiM_TMx-Ultra-10GB-Connectivity

⁶ [Notice of Approval – Proposed Amendments – TSX Inc. | OSC](#), item 5.

V. THE COMPETITIVENESS OF CANADA'S EQUITY MARKETS

The long run impact on Canadian based interlisted market share and Tier 3 securities,⁷ is a primary indicator of the competitiveness of Canadian markets. Competing on the basis of global markets characteristics (ultra-low latency) and differentiation does not necessarily service Canadian needs, as Canada may both be continually losing share in CBIs and also not serving the needs of less liquid securities.

The attractiveness of Market Access Products to the most latency sensitive participants, who seek to trade the most liquid securities in Canada is clearer than their impact on less liquid securities and the participants who trade them. The issue remains whether the continued acceleration and focus on latency in Market Access Products recognizes the uniqueness of Canada's markets.

The TMX's assertion that deeper liquidity and tighter spreads (and therefore more execution volume) have been introduced in the lowest tier of securities⁸, is challenged by declining volumes for shares traded in common stocks (excluding ETFs and structured products).⁹

The long-run competitiveness of equity capital markets in Canada is of significant importance such that a thorough data-based analysis should be conducted as part of the review and approval process. EMA Products have the potential for a greater footprint in number of users, but the issue of competitiveness is not addressed. The absence of quantitative analysis in general at the marketplace operator and broader marketplace level continues to lead the industry's navigation into an uncertain, future without the information necessary to adapt.

VI. CONCLUSION

The CFFiM praises the Exchanges' efforts to increase access to lower latency tools in a manner that offers

⁷ Tier 1: A highly liquid, deeply traded securities market: This is a mostly non-intermediated inter-listed equity securities market. We are the only nation in the world that has a freely traded "inter-listed" market with the largest capital market in the world, the United States. Our large cap companies benefit from exposure and liquidity in the United States, allowing their securities to trade as naturals. The global peer set of securities resembling the trading activity of these names would be S&P small and mid-cap companies. The inter-listed capability is a unique and competitive advantage of our markets on a global scale.

Tier 2: A liquid, intermediated, non-inter-listed senior equity securities market: This market consists of the majority of the non-inter-listed names qualifying for listings on the senior Toronto Stock Exchange and trading as Tier 1 liquid securities. The peer set for these companies would be commonly held equities which are domestically traded in markets such as Australia, Italy, and the Scandinavian countries. While not unique in and of itself, this tier of securities benefits from a highly competitive secondary trading mechanism, which itself is a unique asset to Canada compared to economies of a similar size.

Tier 3: An illiquid, Tier B securities market: This market consists of heavily intermediated secondary trading of junior and venture-oriented equity securities which number in the 1000s across a variety of junior exchanges including the TSXV and the CSE. Market capitalizations range from \$500,000 to over \$100,000,000. In this regard, there are almost no marketplaces in the world which are as properly regulated and as robust in providing primary financing opportunity to such securities with the breadth of activity as Canada. Likewise, this capability is also a unique and competitive advantage of our markets (challenged on a secondary trading basis) on a global scale.

⁸ [Notice of Approval – Proposed Amendments – TSX Inc. | OSC](#), Appendix A, Note 4.

⁹ TMX consolidated trading statistics show sustained declines in Canadian equity trading activity, including double-digit reductions in volume and transactions in recent years, alongside modest erosion in domestic market share, calling into question claims of structurally improved liquidity in lower-tier securities. (TMX Group trading statistics and annual disclosures: For example: <https://investors.tmx.com/English/News--Events/news/news-details/2025/TMX-Group-Limited-Reports-Results-for-Fourth-Quarter-of-2024>; <https://www.newswire.ca/news-releases/tmx-group-consolidated-trading-statistics-november-2023>)

variable pricing. EMA Products, which are open to even the smallest of participants, improves the long-term viability of what remains a variable risk enterprise.

The CFFiM encourages and supports the Exchanges in the exploration of innovations that reduce latency gaps between participants, improve resiliency, and/or increase transparency to serve the long-term interests of all market participants including investors. In so doing, the CFFiM recommends that proposals be viewed in the context of a broader market structure evolution with process enhancements to ensure the high standards of our marketplaces.

Respectfully submitted,

Canadian Forum for Financial Markets

www.CFFiM-FCMFi.ca

cc.

Trading & Markets Division

Ontario Securities Commission
2200-20 Queen Street West, Toronto, Ontario, M5H 3S8
e-mail: tradingandmarkets@osc.gov.on.ca

Sasha Cekerevac

Manager, Market Oversight
Alberta Securities Commission
Suite 600, 250-5th St. SW, Calgary, Alberta, T2P 0R4
e-mail: sasha.cekerevac@asc.ca

Michael Brady

Deputy Director, Capital Markets Regulation
British Columbia Securities Commission
701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2
e-mail: mbrady@bcsc.bc.ca