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and

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ITG Canada Corp thanks the CSA and TMX for the opportunity to comment on the recent proposed Omega Lynx ATS.

ITG is a Global brokerage firm offering leading edge research, trading, cost measurement and trade management tools and services to retail, institutional and brokerage clients. ITG's clients have become increasingly aware of, and concerned about, the impact market structure has on overall market impact costs.

ITG Canada is a big supporter of competition in general, and in the equity trading marketplace vertical in general. Since the Maple group was allowed to integrate Alpha and TMX this space has become significantly less competitive that we would like. With that in mind, we are not in favour of Omega moving forward with the Lynx ATS for a variety of reasons.

Firstly, the Omega Classic trading venue has very low market share, and even lower contribution to the NBBO. Of the names in the S&P/TSX 60 Index Omega only contributes to the NBBO for 70% of the day or more on 1 name. They contribute to the NBBO less than 5% of the time on 25 names. This is far lower than any other Canadian market, including those with similar market share. The contribution to NBBO is even lower when one considers the entire universe of TSX and TSXV listed securities.

Secondly, while Omega is suggesting that Lynx will offer up “innovative solutions our industry requires”, we fail to appreciate how another slightly altered version of maker taker or taker maker pricing is deemed to be necessary innovation. We would be far more supportive of innovation around order priority, order types aimed at solving natural investor concerns, or even the facilitation of GTC and odd lot orders in a reasonable manner. Another version of taker maker pricing is simply aimed at amplifying existing inter-market arbitrage opportunities while offering no tangible benefits to natural market participants.

Thirdly, while Brian Crew stated, in his comment letter regarding CX2 that the costs of accessing a new marketplace are “a small price to pay to prevent the return to monopoly and insure a long term healthy multiple marketplace environment”, we believe he is drastically underestimating both the real cost, and the opportunity cost of setting up connectivity and exhaustively testing a new marketplace.

Finally we remain concerned with what we believe to be the ownership structure of Omega Securities Inc.. While their exact ownership structure is not currently listed on their website – or if it is, it is not easily found – we are of the belief that a portion of OSI is still owned by an individual who has run afoul of several regulators around the globe. We fail to see how somebody can own a significant portion of a protect marketplace when they are not deemed worthy of holding a partnership or director position within a registered dealer. (We apologize if we have the ownership structure wrong, we are working with the best data available to us at this time).

We would suggest that if Omega fells so strongly the need to open a second marketplace, in spite of anemic market share in their primary market and limited innovation, then they should offer to do so in an unprotected fashion. That way, dealers would be able to decide for themselves whether the cost of connecting was worth the hyped benefits.

We thank the OSC for this opportunity to voice our concerns over this new offering, and would be very willing to discuss the matter further as needed.

Sincerely,

Doug Clark
Managing Director
ITG Canada Corp