

**RECOGNITION OF
ALPHA TRADING SYSTEMS LIMITED PARTNERSHIP AND ALPHA EXCHANGE INC.
AS AN EXCHANGE**

NOTICE OF APPROVAL

The Commission has approved the recognition of each of Alpha Trading Systems Limited Partnership (Alpha LP) and Alpha Exchange Inc. (Alpha Exchange) as an exchange. The recognition of Alpha LP and Alpha Exchange is effective as at the later of: (a) February 1, 2012; or (b) the date the operations of Alpha ATS Limited Partnership have been legally transferred to Alpha Exchange. Commission staff will publish a notice confirming the effective date.

The recognition order sets out the terms and conditions of recognition and includes the review process to be followed for the rules, policies and other similar instruments of Alpha Exchange (Rules). The order is attached at Appendix A.

Pursuant to various terms and conditions of recognition, the Commission has also approved the following:

- The Rules of Alpha Exchange, those being Alpha Exchange's Trading Policies, Member Agreement, Market Maker Agreements, the Alpha Main Listing Handbook and related Forms, and the Alpha Venture Plus Listing Handbook and related Forms;
- The interests in Alpha LP and Alpha Trading Systems Inc. (Alpha GP) in excess of a 10% threshold held by each of CIBC World Markets Inc. (20.404%), TD Securities Inc. (19.233%), RBC Dominion Securities Inc. (13.787%), and National Bank Financial Inc. (11.977%);¹
- Alpha Exchange's independence standards, which is part of the *Independence Standards, Code of Conduct and Conflicts Policy* applicable to the board of Alpha Exchange;² and
- the regulation services to be performed by IIROC for Alpha Exchange.

Previous publication of application

The application for recognition was published for comment on April 15, 2011 (the April Notice).³ Alpha Group subsequently proposed substantive revisions to the market maker program contemplated for Alpha Exchange, and published its revised program for comment on September 9, 2011 (the September Notice).⁴ Five comment letters were received for the April Notice, and three were received for the September Notice. Summaries of the comments and responses prepared by

¹ Any further increase in the ownership interest held by any one of these entities will require prior Commission approval.

² The *Independence Standards, Code of Conduct and Conflicts Policy* is to be made publicly available on the website of Alpha Exchange.

³ The April Notice was published in the OSC Bulletin at (2011) 34 OSCB 4555. On May 13, 2011, a comparison chart pertaining to listing requirements that was published as part of the April 15, 2011 Notice was republished with amendments to take into account some changes to the TSX Venture Exchange listing requirements not reflected in the chart. The revised chart was published in the OSC Bulletin at (2011) 34 OSCB 5645.

⁴ The September Notice was published in the OSC Bulletin at (2011) 34 OSCB 9427.

Alpha Group for each of the April Notice and September Notice are attached at Appendix B and Appendix C, respectively.

There have been a number of changes to the Rules since they were published in the April Notice, and republished to a certain extent in the September Notice, to address the comments of the public and Commission staff. Alpha Group has prepared a summary of the significant changes made to the Rules, which is attached at Appendix D. The Rules of Alpha Exchange that have been approved by the Commission are also attached at Appendices E through M.

Other matters which may impact the oversight of recognized exchanges

The Commission has received an application from Maple Group Acquisition Corporation (Maple) for recognition as an exchange in connection with its proposed acquisition of TMX Group Inc. A notice was published for comment which raises a number of questions regarding the governance structure and mechanisms to address conflicts of interest that would be appropriate in the context of the Maple application.⁵ The outcome of the Commission's review of the policy issues associated with the Maple application may have implications with respect to the continued appropriateness of the governance structures and conflicts of interest mechanisms in place for other exchanges recognized in Ontario, including Alpha LP and Alpha Exchange.

In addition, the Commission continues with its Emerging Markets Issuer Review (EMIR). The outcome of this review may have implications for listed issuer regulation, generally, which includes the listing standards and requirements of recognized exchanges in Ontario.

Notwithstanding that there are currently issues under consideration that may affect the Commission's views and expectations of Alpha LP, Alpha Exchange and other recognized exchanges in Ontario, the Commission has determined that it is not contrary to the public interest to recognize each of Alpha LP and Alpha Exchange as an exchange at this time. The recognition of Alpha LP and Alpha Exchange and the terms and conditions attached to that recognition are not intended to establish precedent with respect to the Maple application.

Pending the outcome of the policy issues being considered in the context of the Maple application and EMIR, the Commission may determine that changes are required to the terms and conditions of recognition for Alpha LP and Alpha Exchange, which includes the terms and conditions pertaining to governance structure and conflicts of interest, and to its listing standards and requirements.

⁵ The Maple application was published in the OSC Bulletin on October 7, 2011 at (2011) 34 OSCB 10439.