

13.2.2 Omega ATS – Notice of Proposed Operating Hours Change and Request for Comment

OMEGA SECURITIES INC (OSI) PARENT OF OMEGA ATS

NOTICE OF PROPOSED TRADING HOURS CHANGE AND REQUEST FOR COMMENT

Omega ATS is introducing new trading hours to be adopted 30 days following approval by the Ontario Securities Commission.

Comment on the proposed changes should be in writing and submitted by September 2nd, 2014 to:

Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Fax 416 595 8940
marketregulation@osc.gov.ca

And

Sean Debotte
Chief Executive Officer
Omega Securities Inc
133 Richmond St. Suite 302
Toronto, ON M5H 2L3
416-646-2764
Sean.debotte@Omegaats.com

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended model.

OMEGA Securities Inc. (OSI)

Omega ATS Extended Hours:

- A. Description of the Proposed change:
- Omega ATS Intends to extend our trading hours from 8:30 AM – 5:00 PM Eastern time to 8:00 AM- 5:00 PM Eastern time.
- B. Expected Implementation Date:
- The operational hours change requires little system change, we intend to provide subscribers with no less than 30 days prior to the launch following approval by the OSC.
- C. The rationale for the proposal, and analysis:
- The trading world is highly interconnected with trading in Europe and Asia influencing activity in Canada. At present the earliest actionable market is NYSE Arca in the United States that is open and trading at 4:00 AM Eastern.
- Omega intends to offer market hours that will allow participants to take actionable positions in Canada at the earliest reasonable time. Omega ATS does not take term or market orders, thus all orders posted and traded in the early hours of the continuous session will be considered by trading participants and rationalized within their own objectives and risk parameters. Other risk management tools, such as pre-trade risk monitoring systems, are in place and should further reduce the likelihood of erroneous orders being entered during this time.
- D. The expected Impact of the proposed change on Market structure for Subscribers, Investors and capital markets :
- None, the newly extended hours will allow Participants to post or trade on Omega ATS and Lynx ATS (pending regulatory approval) only. Omega ATS offers Order Protection Rule Functions to prevent trade-through(s) such as 'OPR Re-price', 'OPR Cancel' and 'OPR Routed'. This functionality is available during the entire continuous auction period on both venues, and will be extended to encompass the new trading hours.
- E. The proposed change's effect on the systemic risk in the Canadian financial system:
- None, the ability to offset risk earlier, or to start the process of price discovery at an earlier time can have little risk effect on the financial system. Conversely, longer hours will enable trading participants the ability to react to foreign influences on Canadian listed securities sooner, and may in fact, reduce overall risk.
- F. Expected impact of the change on Omega Securities compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:
- All participants will have equal access to Omega ATS at the new earlier hours. Orderly markets and thorough price discovery is encouraged and supported by longer trading hours, price gaps and opening pricing disparities are often a result of long periods of closure and sudden reaction to overnight news.
- G. Consultation Details:
- Omega has received positive response from participants as well as vendors, who actively seek longer trading days as a means to reduce risk.
- H. Estimated time for Subscriber and Vendor system modifications for implementation of the proposed Significant Change:
- After consulting with the major Canadian Vendors and Service Bureaus, we've concluded that this change would require no more than 10 hours of programming, and testing. We have been assured, through our consultations that with the 30 days proposed post approval, all participants will be able to make the proposed modification.
- Should a participant, subscriber or vendor not wish to access (or offer access to) Omega ATS during the time period between 8:00AM and 8:30AM, they would not be required to undertake the programming or development in order to continue trading as usual on Omega ATS.

I. A discussion of any alternatives considered;

N/A

J. Whether the proposed change would introduce a model that currently exists in other markets and other jurisdictions.

NYSE Arca, for example, has hours that far exceed the hours proposed. Their current session, accepts orders prior to, and begins at 4:00AM EST and continues on until 8:00PM EST.

Currently, there are four venues in Canada (Chi-X, CX2, TMX Select, CSE) that start their trading sessions at 8:00 AM Eastern Time.