

ALPHA ATS LP

NOTICE OF PROPOSED CHANGES AND REQUEST FOR FEEDBACK

INTRASPREAD FACILITY

Alpha ATS LP has announced its proposed plans to implement the changes described below in Q1 2011. It is publishing this Notice of Proposed Changes in accordance with the requirements set out in OSC Staff Notice 21-703 - *Transparency of the Operations of Stock Exchanges and Alternative Trading Systems*. Pursuant to OSC Staff Notice 21-703, Commission staff invite market participants to provide feedback on the proposed changes.

Feedback on the proposed changes should be in writing and submitted by Wednesday, January 26, 2011 to:

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

And to:

Randee Pavalow
Head of Operations and Legal
Alpha ATS LP
70 York Street, suite 1501
Toronto, ON M5J 1S9
Email: randee.pavalow@alphatradingsystems.ca

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 implementation date of the changes.

ALPHA ATS LP

NOTICE OF PROPOSED CHANGES TO ALPHA INTRASPREAD™ FACILITY

AND

SUMMARY OF COMMENTS AND RESPONSES TO JULY 16, 2010 PROPOSAL

Background

The Ontario Securities Commission (OSC) published on July 16, 2010 Alpha ATS LP (Alpha)'s notice regarding its proposed new functionality named Alpha IntraSpread™ Facility (the original proposal).

The original Alpha IntraSpread™ Facility, included a set of new order types offered by Alpha ATS, which allowed Subscribers to seek order matches within their firm without pre-trade transparency, with guaranteed price improvement for active orders. It was intended that the IntraSpread™ facility would be available to all Subscribers and for all symbols traded on Alpha ATS.

Alpha Objectives

The objective of the Alpha IntraSpread™ Facility (both the original and revised proposal) is to provide choice and options to accommodate different trading strategies and marketplace participants. Some of the strategies that would benefit from using the facility include: enabling the retail flow to participate on the active side and receive a guaranteed price improvement, a larger fill size and a lower active fee; enabling buy side clients to post Dark Orders and benefit from accessing the active flows; and enabling liquidity providers to post Dark Orders to benefit from access to the active flows.

Comment Process and Current Status

The OSC and Alpha received 13 comment letters: 7 from dealers¹, 4 from other marketplaces², and 2 from other marketplace participants³.

Alpha would like to thank all commenters for their submissions. The summary that follows the discussion of the new proposal will summarize the key issues and Alpha's responses. A more specific summary of each letter and Alpha's response is attached as well. **The responses to the comments reflects the views of Alpha and do not necessarily reflect the views of the Ontario Securities Commission (OSC) or of the Investment Industry Regulatory Organization of Canada (IIROC).**

Alpha began discussions with the OSC and IIROC staff after the closing of the comment period. The OSC Staff expressed concerns regarding the current proposal based on the views it had developed regarding a marketplace facilitating a dealer matching orders within its own firm without interacting with orders of other dealers. In response to the comments raised by OSC Staff and further discussions with both OSC and IIROC Staff, Alpha has revised its proposal which is being published today for comment.

Alpha's Revised Proposal

Description of Proposed Changes and Reasons for Changes

Alpha plans to introduce a revised Alpha IntraSpread™ Facility.⁴

The changes are intended to address the regulatory concerns related to marketplaces facilitating internalization of dealer order flow, while at the same time preserve the benefits of the original IntraSpread™ Facility proposal, including reduced trading fees, price improvement and increased trade size for the active side, and improved access to liquidity for the passive side. The revised proposal constitutes what was originally planned as phase II of the IntraSpread Facility™, and makes these benefits more accessible.

The revised IntraSpread™ Facility is designed to allow matching of orders between dealers, with additional features designed to maximize benefits for the active, retail order flow and minimize potential for "gaming" the passive liquidity providing flow.

The revised IntraSpread™ Facility continues to be based on the two order types: Dark order and Seek Dark Liquidity™ (SDL™) order, but with some changes in the implementation details.

Dark Order

The Dark order is a fully hidden order, used to manage passive interest with no pre-trade transparency, and offer price improvement to tradable incoming orders.

- Dark orders have no pre-trade transparency as information on Dark orders is not disseminated on any public data feeds.
- The price of a Dark order is calculated as an offset of the NBBO by adding the price offset to the National Best Bid for a buy order and subtracting it from the National Best Offer for a sell order. The price of the Dark order can optionally be capped.
- The price offset is calculated as a percentage of the NBBO spread, and can have one of two values:
 - 10% capped to one price tick (i.e. "no more than a penny"), or
 - 50% with no tick cap.
- If either side of the NBBO is not set, or the NBBO is locked or crossed, Dark orders will not trade.
- Dark orders are day only orders and must be for a board lot quantity. Dark orders cannot be Iceberg, On-Stop, Inside Match, AON, FOK, FAK, MOO, LOO, MOC, Special Terms, Bypass, Passive Only, TTM or ROC.
- Dark orders can be amended, including quantity, price offset and price cap, in addition to other standard amendable order attributes.

¹ CIBC World Markets Inc., GMP Securities Ltd., Maple Securities Canada Ltd., Newedge Group SA, Penson Financial Services Canada Inc., RBC Capital Markets, Scotia Capital Inc.,

² Chi-X Canada, CNSX Markets Inc., Liquidnet Canada Inc., and TMX Group

³ F. Martin, Consultant and CSTA, Inc., an industry association.

⁴ Additional information is available in the Subscriber Notice and blacklined Trading Policies on the Alpha ATS web site: www.alphatradingsystems.ca

- Dark orders trade only with incoming SDL™ orders that are tradable at the calculated price of the Dark order. Dark orders do not trade with each other.
- Dark orders are accepted in Pre-Open and Continuous trading sessions (from 7:00am to 4:00pm). Dark orders trade in the Continuous trading session but do not participate in opening or closing auctions.

Seek Dark Liquidity™ (SDL™) Order

The SDL™ order is used to interact with the dark liquidity.

- SDL™ orders are “immediate-or-cancel” - they trade with eligible Dark orders to the extent possible, and any residual is cancelled. Price can be market or limit.
- SDL™ orders only trade with Dark orders and do not interact with other transparent orders in the Alpha CLOB.
- SDL™ orders interact with Dark orders from any Alpha Subscriber.
- SDL™ orders must be for a board lot quantity, and cannot be Iceberg, On-Stop, Inside Match, AON, FAK, MOO, LOO, MOC, Special Terms, Bypass, Passive Only, TTM or ROC.
- SDL™ orders are accepted only during Continuous trading session (from 9:30am to 4:00pm)

IntraSpread™ Trades

- Matching in IntraSpread™ follows the price/broker /smart size/round-robin priority set out below:
 - Price Priority - Dark orders with better price (higher price offset) have priority, then
 - Broker Preferencing - Dark orders from the same Subscriber have priority, then
 - Smart Size Priority - Dark orders with sufficient size to fully fill the incoming order have priority, then
 - Round-Robin Priority - Dark orders take turns in interacting with the incoming order. Each time a Dark order is inserted, it is placed at the end of the queue. Each time a Dark order trades or its quantity is increased, the order is placed at the end of the queue.
- Trades are disseminated on the public data feed in real-time. These trades do not set the Alpha last sale price (ALSP) or the NLSP. Trade prices may have up to three decimal places for prices above \$0.50 and up to four decimal places for prices below \$0.50.

Eligibility

- IntraSpread facility is available to all Subscribers and for all symbols traded on Alpha ATS.
- SDL™ orders can be entered only on behalf of Retail Customers
 - The definition of Retail Customer is based on the definition set out in the IIROC Dealer Member rules.
 - It is expected that Subscribers have policies and procedures in place in regards to identifying which accounts qualify and supervisory procedures to monitor ongoing compliance.
 - If Alpha deems that a Subscriber is allowing SDL™ orders from non-retail clients, Alpha may take appropriate action against the firm regarding access to the Alpha IntraSpread™ Facility.
- Dark orders can be entered without any constraints.

Expected Impact of the changes

The Alpha IntraSpread™ Facility will give Alpha Subscribers the opportunity to allow large buy-side orders to access a new liquidity pool with minimal market impact, to provide retail orders with price improvement opportunities, and to reduce the overall cost of trading.

Consultations

Alpha received requests for this facility from its Subscribers. Discussions were held with Subscribers and buy-side firms to refine requirements and review initial feedback from the regulators. Alpha also received comments from the industry and the regulators in response to the July 16th 2010 proposal.

Current implementation of changes in the Canadian marketplace and any alternatives considered

Dark matching facilities and orders are currently available in the Canadian capital markets. Alpha IntraSpread™ Facility was designed to address comments and requests made by its Subscribers. Alternatives considered focused on the interaction between dark orders and the CLOB, price improvement variables, internalization and sub-penny pricing.

Alpha notes that it has also reviewed the Joint CSA/IROC Position Paper 23-405 on Dark Liquidity in the Canadian Market which was published on November 18, 2010. While the Alpha revised proposal is generally in line with the policy considerations set out in the paper, we acknowledge that changes may be required if some of the proposals are adopted. Since the outcome of the position paper is unknown at this time, we intend to go ahead with our proposal with the understanding that it may need to change in the future.

Summary of Comments and Responses regarding Alpha IntraSpread™ Facility proposed on July 16, 2010 (the original proposal)

General Comments

Introduction

The original Alpha IntraSpread™ Facility combined market structure features that currently exist in the marketplace (internalization, price improvement orders, no pre-trade transparency); and, in fact, have existed in slightly different forms over a long period of time. Examples include the upstairs market, broker preferencing, TMX Posit proposal, TMX ATX proposal, TMX Pegged Order proposal, TriAct's MatchNow, Chi-X hidden orders, Alpha Inside Match Order, and iceberg orders.

The growth in these types of features has led to the debate in the U.S. around the subject of "dark pools" which has spread to other parts of the world including Canada, even though neither their significance nor any harmful impact has been established. The nature of the discussion, including the characterization of these trading choices as "dark," has often clouded the real issues – is there a need for different trading venues other than a transparent central limit order book and should the same rules apply or are special rules required.

Comments

There were 5 general comments in support of the original Alpha IntraSpread™ Facility which stated that there are benefits to dark forms of liquidity.⁵ Specifically, one commenter noted that the Alpha IntraSpread™ Facility provides price improvement to retail investors, allows trades at a lower cost and reduces back office trade processing fees.⁶

The two general comments against the Alpha IntraSpread™ Facility were concerned about reduced transparency in the public book.⁷

Alpha Response

The Alpha IntraSpread™ Facility was being introduced to provide choice and options to dealers and their clients. It has long been recognized that "one size does not fit all" in the world of investors and trading securities.

There have long existed alternatives to the CLOB such as crossing markets and the upstairs market. A variety of dark order types exist in Canadian market today, without any evidence of negatively impacting the transparent markets.

Also there is a danger in assuming facts for which there has been no evidence. There have been studies that have shown there is no evidence that the existence of dark pools and/or internalization, even in the U.S. where they are a much larger part of the trading volume, harm the transparent marketplace.⁸

Process for Implementing New Order Types is not a Rulemaking Process, and therefore the outstanding Policy debate should not prevent the Alpha IntraSpread™ Facility from proceeding

Introduction

National Instrument 21-101 requires that an alternative trading system must provide 45 days notice before implementing any changes such as order types. Although the rule does not require publication for comment and approval, Alpha has always published on its web site any proposed changes. In addition, the OSC now requests the marketplaces to publish certain changes through it.⁹ While an opportunity to provide comments has been provided; it should be clear that marketplace changes

⁵ Chi-X, CIBC, F. Martin, RBC, and Scotia

⁶ F. Martin

⁷ CNSX Markets, Inc and Newedge Group SA.

⁸ "Diving into Dark Pools," by Saritna Buti, Barbar Rindi and Ingrid Werner (Dice Center WIP 2010-10, Fisher College of Business WP 2010-03-010)

⁹ OSC Staff Notice 21-703 (32 OSCB 8007), October 9, 2009.

are not a policy or rulemaking process. The marketplace filing with the securities regulator is analogous to an issuer's filing of a prospectus in that it is reviewed to confirm that it does not raise any issues so that permitting the issuer to go ahead would not be contrary to the public interest. New products, or in this case new order types, are not to be prevented from proceeding while there is a debate going on regarding a new policy direction. This is necessary because any new direction or precedent must be subject to a rulemaking process (which often takes years to conclude), where the initial policy direction can change as a result of the process, and should be applicable to all marketplaces at the same time.

Comments

Four commenters have suggested that it is premature for the OSC to allow the Alpha IntraSpread™ Facility to proceed.¹⁰ Two argued that it should not proceed because of the CSA work being done on the topic of dark pools requires resolution before allowing any more dark pools¹¹. One argued that the original Alpha IntraSpread™ Facility goes beyond current precedent, and the other is concerned because of the fact that the potential for success is greater.

Alpha Response

As pointed out in the CNSX Markets' letter, The original Alpha IntraSpread™ Facility was a combination of historical forms of dark trading that have been allowed. As a result, we do not think it raised any new issues. These new order types should be allowed because any changes in policy direction must be applied to all market participants (including Chi-X, TMX, TriAct and Liquidnet) and not just new entrants.

Alpha also believes that some of the issues being raised are commercial or competitive issues rather than regulatory issues. The fact that Alpha has been successful in achieving a large market share and may be successful in introducing new order types is not a reason for stopping it from proceeding.

It also should be remembered that the marketplace only provides a tool when it offers new functionality; the actual use of the feature can depend upon many factors including the dealer's particular clients, level of technology support, and ability to adapt to new offerings.

Although there has been some form of a dark facility for years, there is no evidence that such facilities harm the price discovery process or the transparent marketplaces. The opposite, in fact, may well be true: that reporting trades on a real time basis for dark trades that result from the matching of natural order flows provides highly valued information from a price discovery perspective.

Fair Access, Internalization and "Jitney Orders"

Introduction

A large number of the comments focused on whether the original Alpha IntraSpread™ Facility would benefit some dealers over others. These comments criticize allowing internalization or the use of jitney orders under the claim that it violates fair access. While the regulatory structure does require fair access, this does not mean it requires open access to all or a guarantee that each market participant will be able to benefit in the same way as every other market participant.

The principles surrounding the U.S. National Market System (NMS) and Canadian rules regarding multiple marketplaces were intended to promote fair competition among marketplaces because such competition promotes more efficient and innovative trading services including more efficient pricing of securities.¹² The U.S. SEC, when addressing the issue of fair access, was not guaranteeing that all access or functionality would be the same or have the same impact for all marketplace participants. It focused on membership in the marketplace and ability to access quotes in the transparent marketplaces, specifically stating that:

"Rules 610(a) and (b) further the goal of fair and efficient access to quotations primarily by prohibiting trading centers from unfairly discriminating against non-members or non-subscribers that attempt to access their quotations through a member or subscriber of the trading center. Market participants can either become members or they can obtain indirect access by "piggybacking" on the direct access of member or subscribers."¹³

The access requirements for alternative trading systems in Canada are set out in Section 6.13 of National Instrument 21-101 on Marketplace Operations (Rule 21-101). It provides that an alternative trading system establish written standards for granting access and not unreasonably prohibit, condition or limit access by a person to services offered. Fair access does not require that all functionality be used by or similarly benefit all subscribers.

¹⁰ CNSX, Penson, Scotia and TMX

¹¹ The Canadian Securities Administrators (CSA) with the Investment Industry Regulatory Organization of Canada (IIROC) have tried to bring clarity to the issues through its Request for Comments which was published on September 30, 2009 (Dark Pools, Dark Orders and other Developments on Market Structure) , holding a forum on Dark Pools on March 23, 2010 , and recent publication on November 19, 2010 (IIROC Notice 10-0303).

¹² U.S. SEC Regulation NMS (Release no. 34-51808, June 2005), p12.

¹³ U.S. SEC Regulation NMS (Release no. 34-51808, June 2005), p166.

In the Canadian marketplace, we can identify numerous features that do not benefit all participants in the same way, most notably the trading fee tiers that several other marketplaces have in place.

Comments

Two marketplaces raised concerns regarding the proposed functionality benefiting a specific segment of intermediaries rather than all dealers.¹⁴ One of these marketplaces suggested it extends the impact of broker preferencing by deliberately optimizing internalization opportunities.¹⁵

Concerns were raised by three commenters that allowing some participants to have arrangements with others for using this facility (usually referred to in the comment letters as a jitney arrangement) would exacerbate the result of benefiting some subscribers and concentrating order flow.¹⁶

One dealer and one marketplace noted that the Alpha IntraSpread™ Facility is really a third party internalization engine rather than a dark pool¹⁷. The dealer stated that as such it facilitates a common practice which does not raise any concerns. However, the marketplace believes that each of the customers should be required to be regulated in order to use this facility or to otherwise do internalization.

One marketplace acknowledges the benefits of internalization for lower trading and clearing costs.¹⁸ The industry association stated that there were split views on internalization of order flow and whether it should be allowed on any marketplace; however the survey supporting the letter indicated 61.6% in favor of internalization¹⁹.

Alpha Response

Dealers have always been allowed to choose the business model and therefore the clients with which they wish to deal. A dealer can choose to have an institutional or retail business. It can also choose to be purely agency, principal or some combination. Moreover a dealer can choose who they want to deal with and have in the Upstairs market, OTC markets, and in the third market system in the U.S. The concerns raised in the comment letters seem to focus on the fact that certain dealers have advantages due to their order flow. While this may be true, it is also a competitive issue and not a regulatory fairness or access issue. Whether a particular dealer or customer may benefit from using this facility depends upon many factors including its ability and business model. Public policy should not be focused on whether some participants may be able to benefit more than others but whether there is any inappropriate barriers to participation and benefits made available by the marketplace. Internalization has existed in various forms and has never been considered as unfair. Moreover NI 21-101 acknowledges this indirectly by excluding from the definition of marketplace, a dealer who execute trades through a marketplace (crosses).

As reflected in the quote from the SEC NMS Release, “jitney arrangements” or “piggybacking” actually support fair access by providing a means for those who might not otherwise have access to participate or benefit. In addition, jitney arrangements are similar to third market maker activity in the U.S. which has been accepted by the regulators and market participants provided clients receive best execution.

Any dealer using the Alpha IntraSpread™ Facility either directly or indirectly will still be subject to best execution. The same principles and utility of jitney arrangements apply in Canada. Jitney arrangements allow the benefits of the Alpha IntraSpread™ Facility to be shared by a larger group of dealers with different business models.

NI 21-101 only includes dealers as marketplaces if the dealers execute a trade outside of a marketplace. Thus this facility removes the need for the individual members to operate a separate marketplace and is no different than allowing a dealer to arrange a cross and print through a marketplace.

In response to regulatory comments, Alpha had agreed to remove the internalization feature and to expand the interaction among order flows. However, it expects that the regulators will take a consistent approach to all marketplaces and relevant parties that provide substantially similar functionality.

Sub-Penny Pricing and Price Improvement

Introduction

The requirements regarding sub-penny pricing are set out in Part 6 of UMIR. Section 6.1 states that no order shall be entered on a marketplace at a price that includes a fraction of a cent other than an increment of one half of one cent in respect of an order with a price or less than \$0.50. However Policy 6.1 provides exceptions for a Basis Order, Call Market Order, or a VWAP Order. What these order types have in common is that the price is determined outside of interaction with the central limit order

¹⁴ TMX and Chi-X

¹⁵ Chi-X

¹⁶ TMX, CSTA and CIBC

¹⁷ CIBC and Liquidnet

¹⁸ CNSX

¹⁹ CSTA

book. Specifically, a Call Market Order is defined by UMIR as an order that is entered on a marketplace on a trading day at a price to be established by the trading system of the marketplace. Thus a review of the rule and its exceptions makes it clear that the rules were designed to apply to the lit markets.

The pegged/dark orders introduced by Chi-X, Tri-Act and Alpha have been permitted because they fall within the same policy considerations provided by the exceptions in Policy 6.1. The policy considerations reflected in UMIRs indicate that requirements regarding sub-penny pricing were specifically created with the transparent marketplace in mind and not intended to apply to certain kinds of order such as dark orders.

Comments

The comments focused on two areas: (1) whether the same rules should apply to the dark and lit marketplace; and (2) whether sub-penny pricing undermines the UMIR rules that require price improvement.

Two commenters believe the same rules should apply to both lit and dark parts of the marketplace.²⁰ Both of these supports sub-penny pricing, but one supports it only in the dark marketplace.

One commenter supports the position that all orders should continue to be permitted to execute at sub-tick prices and visible quotations should be limited to full-tick increments.²¹ The industry association, while noting different views on sub-penny pricing in the dark markets, indicated support for maintaining full-tick support in visible market.²²

Four commenters believe that allowing sub-penny pricing in the dark circumvents providing meaningful price improvement as required by UMIR.²³

Alpha Response

Currently there is sub-penny pricing for pegged and dark orders as well as for Basis, VWAP and Call Orders. The Alpha Dark order is consistent with current orders available at MatchNow, Chi-X and Alpha as well as the new order types proposed by TMX. UMIRS prohibit sub-penny pricing in the visible marketplace but allow it where there is no interaction within a central limit book. There are reasons why a dark pool or order type should be treated differently. The nature of a dark pool or dark order type is more similar to a cross or crossing system than to the continuous market. In fact it fits within the definition of a call market order where the point in time is continuous.²⁴

The discussion regarding changing Part 6 of UMIRS so that the same rules would apply to the lit and dark market, as well as how many decimal places should be allowed if sub-penny pricing is permitted in either the dark or lit, are really policy issues that should be dealt with separately from this filing.

Any decision to change current interpretations of UMIR so as to prohibit Alpha from proceeding with its implementation of Dark orders should be immediately applied to all other marketplaces, since it would create an inappropriate advantage and would be unfair to apply a different treatment to different marketplaces only due to the timing of the process.

Best Execution and Best Price

Introduction

Dealers' use of any new order types or marketplace functionality is always subject to compliance with its own regulatory requirements (securities regulation as well as UMIRS). The availability of the Alpha IntraSpread™ Facility does not mitigate or eliminate that responsibility. In fact it supports those clients who are seeking execution without market impact.

Comments

One commenter claimed that trading client orders in an internalized manner with de minimus price improvement on Alpha could not be justified when compared to the trading opportunity on other lit Canadian marketplaces²⁵.

Another commenter claimed that Alpha IntraSpread™ Facility is not consistent with the concept of best price because it only allows trades within the same dealer.²⁶

One commenter suggested requiring disclosure to clients of the use of Dark orders²⁷.

²⁰ CNSX, Scotia.

²¹ CIBC

²² CSTA

²³ GMP, Maple Securities Canada Limited, Newedge, TSX

²⁴ The concept of continuous call markets was introduced with Optimark and continues with facilities like MatchNow.

²⁵ TMX

²⁶ GMP

²⁷ Liquidnet

Alpha's Response

Best execution requires that the dealer considers the client's needs in regards to price, speed, depth and transaction cost²⁸. While Alpha believes its original facility was able to satisfy each of these requirements, it wishes to acknowledge it is up to the dealer to determine best execution based on the actual facts and client's needs at the time of trading. The policy on best price (which will be replaced by the Order Protection Rule) requires that no order trade through a better priced order on a visible marketplace. The guaranteed price improvement in Alpha IntraSpread Facility ensures that the obligation for best price will be satisfied. Furthermore, the price improvement over the NBBO that was traditionally available only to institutional clients via the upstairs market will now be available to retail clients as well. Finally, the dark orders will allow buy-side firms to improve the quality of execution for their large orders.

Decisions regarding which order types, routing choices and information to provide to clients have always been part of a dealer's best execution obligation. Transparency around those decisions has been left to the dealer's discretion since they are proprietary and part of the service it provides to clients.

Contact Information:

Any questions regarding these changes should be addressed to Randee Pavalow, **Head of Operations and Legal, Alpha ATS LP**: randee.pavalow@alpha-group.ca, t: 647-259-0420

²⁸ NI 23-101, Part.

Summary of Comments and Responses regarding Alpha IntraSpread™ Facility

ISSUE	COMMENT	RESPONSE
CIBC World Markets Inc.		
Internalization	IntraSpread™ will operate a third party internalization engine rather than a proper dark pool which does not raise any concerns. The internalization activity enabled by this facility is common practice today.	
Fair Access and future phases	<ul style="list-style-type: none"> Concerns focus around enabling counterparty selection in trading either through the internalization of jitney order from other dealers or through the addition of an exclusionary matching leg within IntraSpread™. Notes that while the ability to enter bi-lateral arrangements exists in Equiduct PartnerEx in Europe, permitting dealers to control who they deal with is not available to dealers today. Most regulation in Canada, the U.S. and Europe has been aimed at reducing selective information disclosure and selective access to order flow. 	Fair Access requires that any party be able to access the marketplace. Any IIROC member can participate in the Alpha ATS and can use the facility. Jitney arrangements provide smaller dealers with the ability to receive the same benefits as larger ones.
	Supports future phases where there is communal matching because it supports price improvement and fill probability.	No decisions have been made at this time on future phases or functionality.
Interaction of dark order with visible limit orders	<ul style="list-style-type: none"> By providing that the dark order with the discretionary pricing are constrained to the dark pools, IntraSpread™ maintains the tradeoff between price and immediacy. All individual order should bear a single price at a single moment in time which is achieved by pegging to NBBO. The only dark order types that should be permitted on visible markets are those that are deterministically priced or that that bear a discretionary but reveal at least a portion of their size. Fully hidden, deterministically priced order should be permitted provided they are priced inside the NBBO. 	IntraSpread™ satisfies all of the principles for interaction that are set out.
Priorities	<ul style="list-style-type: none"> Allocations should be based on price then visibility, with visible orders receiving priority at any given price level. IntraSpread™ achieves this through price improvement. Would like more information on allocation rules . 	Priorities within IntraSpread™ are based on price then time within a subscriber.
Sub-penny pricing	All orders should continue to be permitted to execute at sub-tick prices and visible quotations should continue to be limited to full-tick increments.	Alpha IntraSpread™ Facility is consistent with current rules which only limit visible quotations to full-tick increments.
Chi-X Canada		
General Comment –	Many benefits that are offered by dark forms of liquidity	
Broker Preferencing and Fair Access	Broker preferencing has been around and an accepted feature but it has contributed to the disproportionately high concentration of order flow across a limited number of participants interfering with technology and other advancements.	Broker preferencing is available to all dealers. There is no evidence that broker preferencing rather than a successful business model is the basis for where order flow is located. Moreover, it should be raised as a policy issues and not a reason for delaying new functionality that is independent of the issue.

	Same issues in IntraSpread: disincentive for those who are not customers of preferred dealers impacting quote competition and appearance of a two-tiered market, market structure opportunism; disincentive for large investors to forgo investing in technology.	The concerns focus on concentration and size of specific participants which are competition and Canadian market structure issues that are not created by this facility.
	IntraSpread provides more opportunity to deliberately optimize internalization opportunities.	Internalization is an important part of market structure and exists throughout the world. While the dealer may benefit, so does the client.
	Siphoning large segments of order flow into the hands of a limited few fragmenting markets without accessibility to majority of market of market participants could lead to further market segmentation, a less robust price discovery mechanism, and continued deterioration of public markets.	Competitive interests is not an appropriate basis for making an objection. These same kinds of objections were raised when the issue of multiple markets were first raised and the evidence now shows that any potential harms from fragmentation have been offset by the benefits of completion to reduced spreads and greater liquidity in the Canadian markets.
	Concerns are exacerbated by Alpha's Jitney allocation methodology: by allowing participants to resell their broker IDs to other brokers on a selected basis, small or intermediate dealers may be incentivized to aggregate their order flow with larger brokers	The Alpha IntraSpread™ Facility was not designed with the intent of specifically promoting jitney arrangements. Any such arrangements will be made between dealers as they are in other contexts. There is no support for 'Chi-X' characterization of these arrangements. Moreover, jitney arrangements allow the benefits of the Alpha IntraSpread™ Facility to be shared by a larger group of dealers with different business models.
	Questions:	
	Do customers opt-in or out when sending orders.	Customers opt-in by marking the incoming order as SDL.
	How will trades within the facility be marked? How will information be made available?	There will be no specific marker but trade information will be provided to the public feed as well as available to customers through their private data information.
	These trades should set the LSP.	Pegged orders have been treated like call market orders and therefore do not set the last sale price – example is MatchNow.
	How will dealers be able to demonstrate best execution?	Each dealer has their own policies and procedures for determining best execution. Price will be assured since there is guaranteed price improvement. Information regarding transaction costs and liquidity on a historical basis will also be available.
	How will orders be in compliance with order exposure rule?	IIROC's guidelines to Policy 6.3 provide that client orders which are routed to a non-transparent facility to determine if liquidity is available on that marketplace at prices that are equal to or better than displayed order would comply with Rule 6.3 provided any unexecuted portion of the client order was then immediately entered on a marketplace that did provide order transparency. Clients can either configure their own routers to comply or can use the RAD routing strategy in the Alpha Order Router to comply.
CNSX Markets Inc.		
General Comments	CNSX is against any initiative that reduces liquidity in public book and should be preceded by full review.	
	IntraSpread is a combination of historical forms of dark trading that have been allowed. The existing order types/pools were set in an environment with minimal multi-market experience and limited public and industry input can be distinguished: one was a call market and the other s provided open access	If current precedents are no longer valid then should repeal or prohibit all of them not just new entrants.

	or have a size threshold.	
	The risk of harm is greater because of economic clout and potential impact on amount of dark.	There is no evidence to support the allegation and it is inappropriate to penalize parties because they are commercially successful.
Internalization	Acknowledges that direct benefit of internalization is lower trading and clearing costs to the internalizer; however asks question of what data has been collected to evaluate estimated cost savings and whether there is a disproportionate benefit to some dealers.	Benefits to dealer depend on many factors including its ability and interest in using the new functionality and it is not just size that is the key determinant. Public policy debate is never focused on whether some benefit more than others but whether anyone is excluded from benefiting for the wrong reasons – the test being inappropriate discrimination.
	Seems to be concerned will develop similar practices to those that exist in the US	No market integrity issues identified in US and no evidence dark was cause of “flash crash”
	Asks whether volume estimates have been calculated whether caps have been considered.	This is not a question that should be considered in this context – more of policy issue.
	Suggests that internalization benefit is incremental if there is broker preferencing and should be balanced against any unintended consequences.	The degree of benefit is not relevant where there is no evidence of harm.
	Systemic fully-internalized trading does not appear to be consistent with the spirit of the UMIR order handling and best price requirements or CSA OPR.	No less inconsistent than upstairs market, and price improvement addresses any potential issues
	Questions whether a client Dark order can execute against non-client SDL	Must operate within context of UMIRS so unlikely for orders less than 5000 shares. Otherwise it should not matter as long client gets best execution.
Price Improvement	Time to revisit application of price improvement rules – at time most of rules were created minimum tick was 1/8 th of a dollar so that disincentive to do systemic internalization has been reduced	This argument is not a reason to stop new initiatives that fit within current rules unless prepared to prohibit all marketplaces and market participants
	Aware that sub-tick price improvement currently exists but were established before transparency initiative of OSC.	Policy debate regarding sub-penny pricing should not prevent new developments if they are consistent with current practice. Operational changes should not be treated as a policy debate.
Sub-penny trading increments	Sub-penny trading increments are clearly appropriate for VWAP and basis trades because price is derived from a number factors	Dark order is derived from a reference price and should be treated in the same manner.
	Believes allowing “quoting” in sub-pennies and that all marketplaces (dark or lit) should be allowed to accept orders and report trades in subpenny increments or unfair advantage. Asks whether regulators are prepared to allow all marketplaces to do so.	Current rules do not treat dark and lit markets the same.
Questions	<ul style="list-style-type: none"> • Why do trades in IntraSpread not set the last sale price? • How does the exclusion of access to a dark order meet fair access? • Will there be inter-dealer preferencing allowed through offering jitney access instead? 	<p>-Pegged orders have been treated like call market orders and therefore do not set the last sale price, as exemplified in MatchNow. Furthermore, if trades with fractional prices were to set the last sale price, then additional guidance may be required from IIROC wrt to handling of short sell orders, defining of the closing price, etc.</p> <p>-Fair access requires that all parties have appropriate access to the marketplace. Internalization has never been determined to violate any requirements including fair access.</p> <p>-Jitney arrangement have always been available for any purpose on Alpha.</p>
CSTA, Inc		
General	CSTA did a survey and received 162 completed responses: 41 buy side and 121 sell side traders. They do not make any firm statements in favor or against the Alpha IntraSpread™ Facility, but note the survey discusses some relevant issues.	

Relevance of ownership structure	The majority answered that the ownership structure should be considered when looking at new product offerings.	Although most marketplaces (exchanges and others) have dealers who are owners, ownership structure has never been considered as relevant to determining the quality of a marketplace's functionality in Canada or elsewhere and should not be a relevant factor. Ownership structure may be relevant from a governance perspective in the case of exchanges or sometimes requires disclosure where there may be conflicts.
Internalization	There are split views on internalization of order flow and whether it should be allowed on any marketplace.	The survey actually indicates 61.6% in favour of internalization. Moreover internalization is happening today on marketplaces and throughout the world. Addressing internalization as an issue should be addressed through a policy analysis and not within the context of one marketplace's proposals.
Price Improvement or Trading at the NBBO	The majority felt price improvement was not required and trading at the NNBO for dark orders should be allowed.	
Sub-penny pricing	There is a split decision that sub-penny pricing are significant; however continuous books should not move towards sub-penny pricing.	The issue of the significance of sub-penny pricing should be determined as part of a policy discussion and therefore applied consistently to all marketplaces.
Fair Access	A majority thought that selective counterparty trading should not be allowed. A structure that would allow or counterparty selections would permit flow that was not internalized to be exposed to a select group of other dealers' Dark Orders.	Allowing dealers to selectively choose who they want to deal with has always been available in the Upstairs market, OTC markets, third market system in the U.S. and EquiductPartnerEx in Europe.
Impact on quality of the markets	The majority believe that the facility will not improve market quality.	The CSTA itself raises the question whether regulators should evaluate if new functionality will improve the quality of the markets or whether that responsibility should be determined by the users of the product. The OSC standard for reviewing these kinds of changes is not a merit review but whether such changes will raise market integrity issues such as fraud and manipulation so that it is contrary to the public interest to allow it to proceed. Moreover, whether in fact the changes add or detract from market quality cannot be determined by opinion but should be determined by facts. Due to the diversified needs of the market participants, some will always support and some will always find fault. Regulators are not in a position to state what is the best solution or even what is a good solution: only market participants through their behavior can determine that.
Fionnuala Martin and Associates		
General	<ul style="list-style-type: none"> • Supportive of Alpha IntraSpread™ new initiatives that offer improved services, choices and cost effectiveness. • New facility will improve on dark pool trading by lowering fees and reducing or eliminating data leakage that could be used by others to take advantage of retail order flow. 	
Benefits of IntraSpread™	<ul style="list-style-type: none"> • Provides price improvement to retail investors • Allows trades at a lower cost • Reduce back office trade processing fees 	
GMP		
Best Price	Alpha IntraSpread™ Facility is not consistent with the concept of best price because it only allows trades within the same dealer. The SDL Order should be allowed to trade against Dark Orders	The policy on best price (which will be replaced by the Order Protection Rule) requires that no order trade through a better priced order on a visible marketplace. First, because these orders are dark

	from all subscribers at the same price point.	the rule does not apply to orders within the facility but also the guaranteed price improvement ensures that the obligation for best price for orders outside of the facility will be satisfied.
Sub-penny pricing	The proposal allows dealers to intentionally circumvent the visible market with no meaningful price improvement.	The current rules treat the visible market differently from dark order types. Alpha IntraSpread™ Facility is consistent with current rules.
Liquidnet Canada		
General	Liquidnet supports competition and innovation in the marketplace, but believes that entities performing equivalent functions should be subject to equivalent regulation.	
Internalization	The Alpha IntraSpread™ Facility is only providing technology to its customers in order for them bring their customers' orders together. Therefore each of the customers that use the tool to internalize should be required to be regulated as an alternative trading system under NI 21-101.	NI 21-101 only includes dealers as marketplaces if the dealers execute a trade outside of a marketplace. Thus this facility removes the need for the individual members to operate a separate marketplace and is no different than allowing a dealer to arrange a cross and print through a marketplace.
Best Execution	<ul style="list-style-type: none"> Liquidnet is suggesting that investors be informed in advance of use of order types and other information. To comply with best execution, dealers should route to providers of that dark liquidity. 	Decisions regarding which order types, routing choices and information to provide to clients have always been part of a dealer's best execution obligation. Transparency around those decisions have been left to the dealer's discretion since they are proprietary and part of the service it provides to clients. Multiple dark pools/options are available to dealers today, so we are expecting that the approach to transparency around order routing should not significantly change with introduction of Alpha IntraSpread Facility.
Maple Securities Canada Limited		
General comment	These new order types will be very popular with the dealer community and expect that all marketable client orders will be routed through these dark markets.	Alpha Intraspread™ is being introduced to provide choice and options to dealers and their clients. It is hard to predict who will actually use it and how they will use it since it will be up to each dealer to evaluate how this facility fits in with its trading strategies and best execution obligations to its clients.
Sub-penny pricing	<ul style="list-style-type: none"> Introduction of sub-penny order types for dark orders only is contrary to the spirit of the IIROC rule requiring price improvement for clients. Because price-improvement is dark, clients cannot easily compare potential price improvement between dealers. Dealers can use the dark market to avoid interference by client orders booked in the visible market. Dark orders sub-penny pricing increases the risk of client orders in the visible market being front run by predatory algorithms. 	<p>-IIROC has previously expressed an opinion contrary to the view of the commenter. If this position is adopted then all marketplaces (Chi-X, MatchNow and TMX) should also be subject to the same requirements.</p> <p>-Price improvement is only owed to a client and not to another dealer's clients so the comparison is not relevant.</p>
Dark Locked and Crossed Markets	A subscriber could put in a buy and sell order at the same price.	Since the Dark orders do not trade against each other, they do not create locked or crossed markets nor should the rules apply to dark marketplaces because there is no need to protect against a perception of market quality issues.
Suggested solutions	SDL order should trade against all brokers rather than only the originating broker.	This functionality is under consideration for the next phase. In the mean time, jitney arrangements may be able to achieve the same thing.
	Market SDL order that are not fully filled in the dark market should trade immediately with the visible market.	This can be done by designating the SDL order as a TTM order. It is left to the Dealer to decide whether that is appropriate in light of the particular strategy or needs of the client.

	Dark Orders should be subject to same tick rules as visible orders.	This is not the current position of the regulators and there are marketplaces that currently have sub-penny pricing.
	IIROC should rule on how locked and crossed markets will be applied to dark markets.	[It is the clear that the policy rationale behind locked and crossed markets is not relevant to dark marketplaces.]
Newedge Group SA		
General comments	<ul style="list-style-type: none"> Alpha Intraspread™ will benefit a small number of investors at the expense of overall market transparency and will exacerbate the unequal playing field that exists with respect to the current market structure in Canada. It will draw significant visible liquidity out of the market from high frequency traders which will further erode the visible price discovery mechanism within the Canadian markets. Any rules impacting market transparency and open access negatively are inconsistent with key OSC or IIROC principles. There are a number of dark pools operating in Canada that are eroding price discovery and creating an unequal playing field and should be reviewed to ensure they operate in a way that is consistent with current requirements. Seeks greater clarity on how orders will function 	<p>-Alpha Intraspread™ is being introduced to provide choice and options to dealers and their clients. It is hard to predict who will actually use it and how they will use it since it will be up to each dealer as well its customers to evaluate how this facility fits in with its trading strategies and best execution obligations to its clients. In fact some parties have suggested that the fee structure will discourage high frequency traders from using the facility.</p> <p>- The facility as proposed works within any requirements regarding transparency and access. Regulators in Canada and throughout the world have acknowledged that full transparency is not appropriate in all circumstances.</p> <p>-Alpha made reference in the notice to its web site where it contains a product sheet which provides the details requested by the commenter.</p>
Sub-penny pricing	Allowing an SDL™ order of less than \$.01 is in conflict with UMIR 6.3 because price improvement has been historically improved by at least one trading increment.	Chi-X, TriAct and Alpha provide price improvement of less than one trading increment. TMX received recent approval to implement order types that result in sub-penny trades.
Penson Financial Services Canada Inc.		
No new services while policy debate is ongoing	It is premature to allow IntraSpread™ Facility in light of analysis being done by CSA.	Changes should not be prevented while a policy debate is going on if they are not inconsistent with current requirements.
Unequal Access	Dark Pools may reduce liquidity since they are not accessible by all investors.	There is no evidence to support this claim either here or in other jurisdictions.
	Clients of smaller dealers could be disadvantaged through reduced liquidity and trading information.	Trades from the facility will be published and there is no reason for smaller dealers to be disadvantaged.
RBC Dominion Securities Inc.		
Supportive of initiatives that promote an efficient and competitive marketplace	The proposed initiative is a broker neutral solution which benefits the entire broker-dealer community by providing an additional source of dark liquidity.	
TMX	IntraSpread proposal moves far past the status quo for dark orders and should not be approved now while the policy making process is ongoing	Rulemaking process is a long process which often takes 3 or more years. New products cannot be put on hold especially when they are consistent with current products or precedent. Consistent doesn't mean identical. There are no key differences between proposed Alpha IntraSpread Facility and various implementations available in the market today, which would impact the market integrity.

	<p>Notes internalize only feature may be considered similar to MatchNow but is significantly different as follows:</p> <ul style="list-style-type: none"> • Unique internalization only nature • MatchNow features approved under characterization of call market and IntraSpread is continuous. • systematically provides micro-penny price improvement to marketable customer orders • “marketflow” orders are exposed to all dealers • 10% price improvement vs. 20% minimum price improvement 	<p>-The internalization feature is not unique since it was allowed under TMX ATX proposal and is available in MatchNow. Moreover the fact that it is made available from a marketplace does not mean it is different. In fact by doing it through a marketplace, it does not introduce any new characteristics other than additional transparency which should be welcome.</p> <p>-IntraSpread™ works in a very similar way to MatchNow and should be characterized in the same way.</p> <p>-Operates within current rules for sub-penny pricing.</p> <p>-MatchNow allows for preferencing which has the same effect as limiting order exposure.</p> <p>-Alpha Price Improvement order set the precedent for 10% price improvement.</p>
Internalization	<p>Internalization benefits a specific segment of intermediaries but does not benefit the investing community as whole – raises concerns of fair treatment of investors and concerns related ensuring vibrancy of Canadian capital markets through the existence of strong visible marketplaces.</p>	<p>This comment, discusses internalization without discussing upstairs market or alternative internalization solutions, such as FOX product offered in the past by the TMX.</p> <p>It has long been accepted that transparency is not always good for investors (IOSCO paper), so alternative types of markets have been developed. Investors choose their market intermediaries based on various criteria including service and intermediaries compete so that some are more successful than others.</p> <p>By suggesting that some intermediaries may benefit more from this facility because they are more successful, the TMX is suggesting that dealers should not be able to benefit or allow their customers to benefit from their successes.</p>
Policy making through rule review	<p>IntraSpread should not be approved until CSA has articulated a view on a marketplace internalization vehicle or strategy:</p> <ul style="list-style-type: none"> • Extent of dealer internalization expansion because a threat to transparent price discovery • What constitutes meaningful price improvement to ensure fiduciary obligations and preserve liquidity on Canadian equity exchanges 	<p>The issues of internalization caps or meaningful price improvement should be determined as part of a policy discussion and therefore applied consistently to all marketplaces. In the interim, Alpha IntraSpread Facility is using mechanisms already available today, which have not proven to cause harm, and should be approved to operate as such, until a policy change if any.</p>
Broker Exclusion and Fair Access	<p>IntraSpread will result in a system of broker exclusion that will result in pockets of liquidity residing on the Alpha marketplace that are only accessible to certain participants- all subscribers of Alpha will not receive the benefit of equal access to orders</p>	<p>Dealers have always been able to maximize efficiencies within its orderflow through crossing and the upstairs market.</p> <p>Fair Access does not guarantee access and benefits to everyone in the same identical way.</p>
	<p>21-101 (6.13(b)) prohibits an ATS from unreasonably limiting access to services.</p>	<p>All subscribers have access to the service.</p>
	<p>Creates two-tiered structure which is different from broker preferencing.</p>	<p>The structure created is no different from upstairs market.</p>
	<p>While dealers are allowed to internalize within the UMIRS, marketplaces should be held to a higher standard and should not be used as an outsourced internalization vehicle.</p>	<p>Internalization services provided by marketplaces offer greater transparency into the solution and trading activity than internalizations solutions developed by dealers themselves, and should be the preferred approach by the industry.</p>
	<p>Use of jitney orders or anticipated expansion is a harmful precedent if the dealer exclusivity is extended to selective groups of dealers thereby permitting a dealer consortium to execute orders among themselves because violates fair access principles and possible effect on diminished price discovery and lower liquidity on visible marketplaces.</p>	<p>As reflected In the quote from the SEC NMS Release, “jitney arrangements” or “piggybacking” actually support fair access by providing a means for those who might not otherwise have access to participate or benefit. In addition, jitney arrangements are similar to third market maker activity in the U.S. which has been accepted by the regulators and market participants provided clients receive best execution.</p>

	Disadvantages or impairs fair competition among dealers because not all can use facility in same advantageous way. It will encourage smaller dealers to enter into arrangements with larger dealers to that their flow can interact.	This practice was developed in the U.S. under the third market system which advantaged customers without any harm to transparency or market structure.
Jitney Orders	Describes a "Jitney Order" as a jitney dealer's Dark order matching with an SDL order of the executing dealer which will allow a consortium of preferred counterparties for purposes of the Alpha facility.	Characterization is incorrect. IntraSpread was not built to promote jitney arrangement but it should not be prohibited or it would limit other dealers be able to maximize best execution and reduce costs. Dealers have entered into these kinds of arrangements (including the introducing- carrying model) for various business reasons and are subject to IIROC requirements which address any potential concerns.
Meaningful Price Improvement	<ul style="list-style-type: none"> Dealers will be able to execute against client order with less price improvement for the client than if the dealer had simply internalized the trade because the UMIR rules have the effect of requiring full tick price improvement while Alpha Dark Order and SDL can execute at less than a full tick. UMIR 6.3(1)(b) and 8.1(1) review require full tick price improvement. Best available price does not simply mean any price improvement over the best posted price. Sub-penny price improvement is not adequate improvement to justify the yielding of priority of a previously posted visible quote. 	<p>-The requirements regarding sub-penny pricing are set out in Part 6 of UMIR. Section 6.1 states that no order shall be entered on a marketplace at a price that includes a fraction of a cent other than an increment of one half of one cent in respect of an order with a price or less than \$.50. However Policy 6.1 provides exceptions for a Basis Order, Call Market Order, or a VWAP Order. What these order types have in common is that the price is determined outside of interaction with the central limit order book. Specifically, a Call Market Order is defined by UMIR as an order that is entered on a marketplace on a trading day at a price to be established by the trading system of the marketplace. Thus a review of the rule and its exceptions makes it clear that the rules were designed to apply to the lit markets.</p> <p>-Different rules have been applied to dark orders.</p> <p>- Similar mechanisms exist today in the market (Match Now, Alpha's PII/IM order type, and TMX approved discretionary order/Inside Spread order)</p>
	Acknowledges that sub-penny price improvement is currently being provided on marketplaces such as MatchNow, Chi-X an Alpha but these features were introduced without any consultation process; none of them should be allowed until issues have been resolved.	These orders and how they work were reviewed by both OSC and IIROC prior to implementation. Policy discussion to make changes to the rules has been started as well but should not affect new similar implementations, until it has been concluded.
Best Execution	NI 23-101 requires dealers to make reasonable efforts and test should be onerous. Trading client orders in an internalized manner with de minimus price improvement on Alpha could not be justified when compared to the trading opportunity on other lit Canadian marketplaces.	TMX position ignores the factors that should be considered when determining best execution and attempts to undermine the dealer's responsibility by suggesting rules should be in place to determine when a specific market can not satisfy this basic obligation to a client. Best execution requires that the dealer consider the client's needs in regards to price, speed, depth and transaction cost. While Alpha believes its facility will be able to satisfy each of these requirements, it would acknowledge it is up to the dealer to determine based on the actual facts at the time of trading where best execution can be achieved.
Order Pricing and Wash Trades	Can a trader place buy and sell dark orders in a single security at overlapping prices?	Yes. Since dark order have no pre-trade transparency, there are no concerns of creating locked or crossed quotes. Dark orders with overlapping prices exist today between various dark pools, with no negative impact.
Public Markers	Will OSC require distinct public marker requirements	There is no such requirement today for trades from dark orders in existing marketplaces. Any regulatory requirement must apply to all marketplaces at the same time.
Last Sale Price	Will it update LSP? Chi-X does.	Pegged orders have been treated like call market orders and therefore do not set the last sale price. Alpha IntraSpread Facility execution mechanism is most similar to MatchNow, and MatchNow trades do not set the LSP.

Execution price	How does price increment cap work?	Please see the example in the product sheet available on the Alpha website.
Execution Queue	Does price improvement trump time priority in the facility?	Yes.
Trade Data	Request for description of rounding methodology.	There will be no price rounding on the public trade data.
	Request for information on what is reported back to SDL Order provider when a trade occurs.	Detailed protocol specification changes related to IntraSpread order types is included in the product sheet available on the Alpha website.
Scotia Capital		
General comment	Supportive of continued innovation in marketplace systems and modes provided they are evaluated for potential impact on market functions, fairness and efficiency	
Sub-penny Pricing	<ul style="list-style-type: none"> • Consistent rules should be applied to both dark and lit marketplaces. • Allowing similar sub-penny pricing to the visible marketplaces would expose some of the weaknesses of the maker /taker model. • Sub-penny crosses should be allowed but not for the continuous book 	<p>-Different market structures may require different treatments.</p> <p>-Dark pools are more similar to crosses and crossing networks than continuous markets so sub-penny pricing should be allowed.</p>
Delay until issues of sub-penny price improvement, maker/taker fee model and value of displayed orders has been considered and resolved		<p>As pointed out in the CNSX Markets' letter, The Alpha IntraSpread™ Facility is a combination of historical forms of dark trading that have been allowed. It does not raise any new issues. These new order types should be allowed because any changes in policy direction must be applied to all market participants (including Chi-X, TMX, TriAct and Liquidnet) and not just new entrants.</p> <p>Alpha also believes that some of the issues being raised are commercial or competitive issues rather than regulatory issues. The fact that Alpha has been successful in achieving a large market share and may be successful in introducing new order types is not a reason for stopping it from proceeding.</p>