

## Chapter 13

# SROs, Marketplaces and Clearing Agencies

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### 13.2 Marketplaces

#### 13.2.1 Notice of Alpha Exchange Inc. and Alpha Trading Systems Limited Partnership – Republication for Comment of Proposed Trading Policies and Member Agreement Provisions Respecting the Proposed Market Maker Program for Alpha Exchange Inc.

##### NOTICE OF ALPHA EXCHANGE INC. AND ALPHA TRADING SYSTEMS LIMITED PARTNERSHIP

##### REPUBLICATION FOR COMMENT OF PROPOSED TRADING POLICIES AND MEMBER AGREEMENT PROVISIONS RESPECTING THE PROPOSED MARKET MAKER PROGRAM FOR ALPHA EXCHANGE INC.

On April 15, 2011, a notice was published in the OSC Bulletin at (2011) 34 OSCB 4555 regarding Alpha Trading Systems Limited Partnership and Alpha Exchange Inc.'s (together, Alpha Group) Application for Recognition as an Exchange. Published together with that notice were the proposed Trading Policies and Member Agreement for Alpha Exchange, which include provisions respecting the proposed market maker program for Alpha Exchange Inc. (the market maker program).

Alpha Group is now proposing substantive revisions to the market maker program, as set out in their notice attached hereto. OSC staff are publishing these revisions for comment.

You are asked to provide your comments in writing, via e-mail and delivered on or before **October 11, 2011** addressed to the attention of the Secretary of the Commission, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8, e-mail: [jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca).

The confidentiality of comments cannot be maintained as a summary of written comments received during the comment period will be published.

Questions on the content of this notice may be referred to:

Jonathan Sylvestre  
Senior Accountant, Market Regulation  
(416) 593-2378  
e-mail: [jsylvestre@osc.gov.on.ca](mailto:jsylvestre@osc.gov.on.ca)

Questions on the content of Alpha Group's notice attached hereto may be referred to:

Randee Pavalow  
Head of Legal and Operations, Alpha Group  
(647) 259-0420  
email: [randee.pavalow@alpha-group.ca](mailto:randee.pavalow@alpha-group.ca)

ALPHA EXCHANGE INC.

NOTICE OF PROPOSED CHANGES TO THE ALPHA EXCHANGE INC. TRADING  
POLICIES AND MEMBER AGREEMENT REGARDING MARKET MAKING

**Background:**

Alpha Trading Systems Limited Partnership (“Alpha LP”) and Alpha Exchange Inc. (“Alpha Exchange”) (together, “Alpha Group”) filed an application for Alpha Exchange to become recognized as a “exchange” which was published on April 4, 2011 by the Ontario Securities Commission (the “OSC”) as the lead regulator and in French by the Autorité des Marchés Financiers, the regulator coordinating on behalf of the exempting regulators.

Since this initial application was submitted and published, Alpha Exchange has modified the market maker proposal contained in the documents published on April 4, 2011 and is publishing the changes for comment.

This notice sets out the following: (1) the objectives of a market maker program generally, and specifically in respect of securities listed and/or traded on Alpha Exchange; (2) the description of the Alpha Exchange market maker program including obligations and compensation; and (3) the identification of the changes to the Alpha Exchange Trading Policies and Member Agreement ( which are being published in part with this Notice)<sup>1</sup>. An appendix has been attached which provides a high level general summary of the market maker structure at other exchanges. It is being provided for context only. The rules and documents of the specific exchange should be referred to for any specific details.

**Objectives of Alpha Exchange’s Market Maker Program**

In general, an effective market maker program (“MMP”) will aim to achieve and/or improve liquidity and market quality. The Alpha Exchange MMP aims to: (1) maintain liquidity and market quality for securities listed and traded on Alpha Exchange through obligations to provide quotes and maintain certain depth requirements; (2) increase market integrity by having the market maker act as a gatekeeper due to their close monitoring of trading activities; and (3) create an effective market for Special Purpose Issuers<sup>2</sup> which require market makers to offer units and trade in the underlying securities.

A description of the Alpha Exchange MMP is set out below.

**Description of the Alpha Exchange MMP – Structure and Assignments<sup>3</sup>**

1) *The MMP Applies to Both Alpha Exchange Listed Securities<sup>4</sup> and Other Traded Securities*

The MMP applies to securities listed and traded at Alpha Exchange defined as “Alpha Exchange Listed Securities” and those securities that are traded but not listed on the Alpha Exchange defined as “Other Traded Securities” or “OTS” (currently TSX and TSXV listed securities). The MMP has two classes of market makers: the Lead Market Maker (“LMM”) and the Market Maker (“MM”); the roles of each are described in the following sections.

2) *MMP for Alpha Exchange Listed Securities – Assignment of LMM and MM*

Each Alpha Exchange Listed Security will have a LMM and, in addition, may have one or more MMs assigned to it. However, Special Purpose Issuers will only have a LMM. The LMM is the primary market maker with the highest obligations (performance criteria) and benefits. It also acts as the Odd Lot Dealer.

The Alpha Exchange Listed Issuer, at the time of its initial listing of a security on Alpha Exchange, appoints the LMM who must be approved by Alpha Exchange. A LMM has an initial term of three years. Alpha Exchange may replace the LMM if the issuer-appointed LMM does not consistently meet its market making performance criteria.

MMs are a second level of market maker with less obligations and benefits, and are appointed by Alpha Exchange. Alpha Exchange will maintain a list of members who have indicated an interest in acting as MM for Alpha Listed Securities. Alpha Exchange may, but is not required to, assign one or more MM for Alpha Listed Securities. It will make any assignments in

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<sup>1</sup> The definitions and Part VI of the Trading Policies are being published, and Schedules 2-4 of the Membership Agreement are being published.

<sup>2</sup> For purposes of this Notice, Special Purpose Issuers will include both of the categories described in the Alpha Exchange Handbook.

<sup>3</sup> This document sets out the structure and nature of the benefits and obligations. The actual numbers have not been included; however they will be subject to regulatory review and approval like any other fees proposal.

<sup>4</sup> Unless otherwise defined herein, all capitalized terms will have the meaning set out in the Alpha Exchange Trading Policies or listing materials.

accordance with the number of Alpha Listed Securities that a MM is willing to assume. A MM for Alpha Listed securities has an initial term of one year.

3) Market Maker Program for Other Traded Securities – Assignment of MMs

Each OTS will have a MM assigned to it which will act as the Odd Lot Dealer. Alpha Exchange will maintain a list of members who have indicated an interest in acting as a MM for Other Traded Securities. Alpha Exchange will allocate a MM for Other Traded Securities in accordance with the number of Other Traded Securities that a MM is willing to assume. A MM of an Other Traded Security has an initial term of one year.

**Market Maker Performance Criteria and Compensation Structure**

1) *Lead Market Makers for Alpha Listed Securities:*

a. *Performance Criteria of a LMM in respect of an Alpha Exchange Listed Security – Standard and Negotiated:*

There are certain performance criteria that a LMM must achieve in the continuous trading session in order to receive the associated benefits. Alpha Exchange will set standard performance criteria for all Alpha Listed Securities taking into account different liquidity tiers (“Standard Requirements”). The Standard Requirements will include the following components: (i) the specified minimum size quote (the “Minimum Quote Size”) to be maintained by the LMM and MM for a specified percentage of time during the trading session (“Presence Requirement”); and (ii) the specified permitted difference between the quoted bid and ask price on Alpha Exchange (the “Maximum Spread”) to be maintained by the LMM or MM in compliance with the Presence Requirement.

The Standard Requirements applicable to the continuous trading session for Alpha Listed Securities may be revised on an annual basis.

Each Alpha Exchange Listed Issuer may negotiate with its LMM to set a better Maximum Spread and Minimum Quote Size than the Standard Requirements.

For the opening auction, if the LMM achieves the specified percentage of the volume at the opening auction for its Alpha Exchange Listed Security (“Opening Auction Criteria”) and the opening is not delayed; then it will receive additional benefits.

b. *Benefits Received by a LMM in respect of an Alpha Exchange Listed Security:*

If a LMM meets the Standard Requirements or its negotiated Maximum Spread and Minimum Quote Size performance criteria, if applicable, for the continuous trading session during a month, then it is entitled to the following benefits:

- (i) the LMM will receive a preferential passive fee for trades on its assigned securities, including trades made as a result of the odd-lot auto-execution functionality.
- (ii) a LMM of a Special Purpose Issuer will in addition receive a preferential active fee for trades in a certain number of its most actively traded securities (the number of securities depends on the number of Special Purpose securities for which the LMM is allocated assignments); and
- (iii) the LMM will receive, on a monthly basis, a certain percentage of Alpha Exchange’s trading revenue for its assigned Alpha Exchange Listed Security for the first 3 years following the listing of such security (the revenue sharing percentage decreases annually).

The benefits received for achieving the continuous trading performance criteria stated above, other than for odd-lot trades, are earned over a period of a month but will be applied to the next month’s trades. The benefits paid for odd-lot trades will be applied to trades in the month in which the trades occur.

If the LMM is in compliance with its Opening Auction Criteria then it will receive a rebate for trades in the opening auction on its assigned securities. Amounts earned will be calculated daily.

Alpha Exchange will provide the LMM with monthly reports (reports may be provided more frequently at the discretion of Alpha Exchange) regarding the LMM’s achievement of its performance criteria and application of the benefits.

2) Market Makers for Alpha Listed Securities:

a. *Performance Criteria of a MM in respect of an Alpha Exchange Listed Security:*

If the MM meets the Standard Requirements, then it will receive a benefit.

b. *Benefits Received by a MM in respect of an Alpha Exchange Listed Security:*

If a MM meets the Standard Requirements, then it is entitled to receive a preferential passive fee for trades on assigned securities that occur during the continuous trading session.<sup>5</sup> The fee benefits are earned over a period of a month but will be applied to the next month's trades.

Alpha Exchange will provide the MM monthly reports (reports may be provided more frequently at the discretion of Alpha Exchange) regarding the MM's achievement of its performance criteria and receipt of benefits.

3) Market Makers for Other Traded Securities:

a. *Performance Criteria of a MM in respect of an Other Traded Security:*

If the MM trades passively the specified percentage of the volume traded in the continuous market session on Alpha Exchange as compared to the total volume traded in all lit marketplaces ("OTS Continuous Trading Criteria") for its assigned Other Traded Securities, then it will be entitled to a benefit.

For the opening auction, if the MM achieves a specified daily percentage of the volume traded at the opening auction, the opening is not delayed, and the opening price is not more than a set parameter away from the listed market opening price (the "OTS Opening Auction Criteria"); then it is entitled to receive benefits.

b. *Benefits Received by a MM in respect of an Other Traded Security:*

If a MM meets the OTS Continuous Trading Criteria then it will receive credits on a per security basis. The credits will be applied to a defined dollar pool based on a formula. The credits will be earned over a period of a month.

If a MM achieves the OTS Opening Auction Criteria then it will receive a rebate for trades in the opening auction on its assigned security. Amounts earned will be calculated daily.

The MM will also receive a preferential active fee for trades on assigned securities for each auto-executed odd-lot trade made on its behalf.

Alpha Exchange will provide the MM monthly reports (reports may be provided more frequently at the discretion of Alpha Exchange) regarding the MM's achievement of its performance criteria and application of benefits.

**Description of Document Changes**

The description of the Alpha Exchange MMP is reflected in revisions to Part VI of the Alpha Exchange Trading Policies and Schedules 2, 3 and 4 to the Member Agreement which are being published with this notice.

The Alpha Exchange Trading Policies have been revised to include the concept of a LMM and MM for Alpha Listed Securities and a MM for Other Traded Securities (previously the policies only contemplated a MM and Odd Lot Dealer role). The Odd Lot Dealer role and market maker roles have been combined as described above. Part VI of the Alpha Exchange Trading Policies implements the MMP for Alpha Listed Securities and MMP for Other Traded Securities.

The Member Agreement has been changed to reflect the new structure described in this notice. The previous Odd Lot Dealer Agreement has been removed and the previous Market Maker Agreement has been changed into the following three (all of which have been based on the previously published MM and Odd Lot Dealer Agreements):

- (i) the new LMM Agreement for Alpha Listed Securities (Schedule 2);
- (ii) the MM Agreement for Alpha Listed Securities (Schedule 3); and
- (iii) the MM Agreement in respect of Other Traded Securities (Schedule 4).

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<sup>5</sup> The MM for Alpha Exchange Listed Securities is a second level of market maker, and therefore will not be eligible for opening auction benefits or revenue sharing.

**Contact Information:**

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

## Appendix A<sup>1</sup>

### Summary of Market Maker Systems in Selected Exchanges

#### NASDAQ

At the time of the initial listing, at least 3 or 4 market makers must be assigned to the security. Market makers submit an application for approval to NASDAQ. Afterwards to maintain a listing, 2 or 4 market makers must be in place.<sup>2</sup>

Market makers are required to provide two-sided quotes of at least 1 board lot each. The price of the bid interest and the offer interest shall not be more than a designated percentage away from the then current NBBO, or if no NBBO, not more than a designated percentage away from the last reported sale.

After an execution against its two-sided obligation, a market maker must ensure that additional trading interest exists to satisfy its two-sided obligation. It can do this by either immediately entering new interest to comply with its obligation to maintain continuous two-sided quotations or by identifying existing interest on the exchange's book that will satisfy this obligation.<sup>3</sup>

In addition NASDAQ rewards market makers that provide liquidity for a specified time period at the NBBO. Securities are split into two tiers based on the average daily volume (ADV): (i) Securities with ADV less than 1M; and (ii) Securities with ADV more than 1M. For securities in tier (i) the displayed order has to be at least 15% of the time at the NBBO. For securities in tier (ii) the displayed order has to be at least 10% of the time at the NBBO. Firms which achieve these performance criteria receive additional marketing opportunities aimed directly at CEOs, CFOs and Investor Relations executives of NASDAQ listed companies.<sup>4</sup>

#### NYSE Arca<sup>5</sup>

NYSE Arca has established the role of Lead Market Maker (LMM) for Exchange Traded Funds (ETFs) with a primary listing on NYSE Arca. To participate in the program, broker-dealers must register as market makers on NYSE Arca and meet the additional selection criteria established for LMMs. NYSE Arca also has a market maker program for other issuers. Market makers and LMMs are selected by the exchange. Such selection shall be based on, but is not limited to, the following: issuer preference; experience with making markets in equities; adequacy of capital; willingness to promote the exchange as a marketplace; operational capacity; support personnel; and history of adherence to exchange rules and securities laws. The exchange can name multiple market makers and a LMM per security. LMM applicants will be required to be registered as an odd lot dealer in securities in which they are designated as LMM.

Market makers will be required to maintain minimum performance standards, as determined from time to time by the exchange. Such levels will vary depending on the price, liquidity, and volatility of the security in which the market maker is registered. The performance measurements will include: (i) percent of time at the NBBO; (ii) percent of executions better than the NBBO; (iii) average displayed size; (iv) average quoted spread; and (v) in the event the security is a derivative security, the ability of the designated market maker to transact in underlying markets.

LMMs are held to higher performance standards in the securities in which they are registered.

The LMM must be present in the opening auction to help offset any buy or sell imbalances.

In return for meeting a market maker's obligations, the market makers will receive a higher passive rebate depending on the amount of liquidity it provides in a month. LMMs will receive a superior trading fee structure for their designated securities.

#### Deutsche Börse<sup>6</sup>

Market makers called designated sponsors (DS) sign a contract with Deutsche Börse and commit to fulfill the minimum requirements stipulated by the Frankfurt Stock Exchange. Admission is available to all banks, broker firms and securities trading

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<sup>1</sup> This appendix was prepared on a best efforts basis with the purpose of providing a high level general summary on market maker systems for selected exchanges as context.

<sup>2</sup> Nasdaq Listing Standards & Fees. Number of market makers depend on what market segment the security is listed in (Nasdaq Global Select Market, Global Market or Capital Market) and if issuer complies with the Income Standard or Equity Standard versus other listing standards.

<sup>3</sup> NASDAQ Trading Manual.

<sup>4</sup> [www.nasdaqtrader.com/Trader.aspx?id=select\\_market\\_maker](http://www.nasdaqtrader.com/Trader.aspx?id=select_market_maker).

<sup>5</sup> NYSEArca website [www.nyse.com](http://www.nyse.com), NYSEArca product brief: Lead Market Maker document [http://testwww.nyse.com/pdfs/LMM\\_Product\\_Brief\\_Updated.pdf](http://testwww.nyse.com/pdfs/LMM_Product_Brief_Updated.pdf), and NYSE Arca Equity Rules book.

<sup>6</sup> Deutsche Börse Group document for Xetra market titled "Designated Sponsor Guide". <http://deutsche-boerse.com>

houses admitted to trading on Xetra. Deutsche Börse can cancel the contract of admission of a DS if its trading duties are not fulfilled.

A DS must satisfy minimum requirements in the continuous market that include a minimum quote size, maximum bid/ask spread of the quotes and average quoting time. For the opening auction market, a DS must have a minimum participation rate of quotes in the opening auction session. For ETFs, Exchanged Traded Commodities and Exchange Traded Notes, the issuer determines what the minimum quote size and maximum spread will be for the market maker to comply with. For other products, the exchange determines the market maker performance criteria based on liquidity tiers.

Compliance with minimum requirements is verified on a daily basis by Deutsche Börse. Transaction fees for trades generated by a DS's operations are reimbursed for each instrument, subject to full compliance with the performance requirements on a monthly basis. In case minimum requirements are not met continuously, the admission as a DS in its respective instrument can be cancelled by the exchange.

Transparency of a DS's performance is available through a published quarterly rating. The rating is a quality signal for DSs which details the average quoting time, the average spread and the trading volume of the DS. The rating is allocated based on the above-mentioned rating standards and is issued in the form of a letter combination from 'A' to 'D'.

DSs enhance transparency and attract new investors by compiling research reports, preparing analyst presentations and through active investor relations.

Instruments may be supported by several DSs and a DS may support several instruments at once. The support of a DS determines whether the instruments are traded in continuous trading or auction. If a security is classified for trading in 'one auction' only, having a DS causes the security to transfer to continuous trading.

### Börse Stuttgart (Euwax)<sup>7</sup>

Euwax is the marketplace segment that trades listed structured products. The issuer acts as a market maker for these securities; however it may appoint a third party market maker. Additionally, there is one quality-liquidity-provider (QLP) for each traded security. The QLP is not only responsible for verifying the quotes transmitted by the market makers but is also responsible for providing additional liquidity for the securities traded. The amount by which the QLP may increase liquidity depends on which trading model the issuer has selected for its structured products. Three different trading models can be used by the issuer:

- 1) Under trading model A, the QLP is free to choose the type of liquidity. The QLP liquidity and market maker liquidity have the same priority in this trading. Whether or not the QLP and/or market makers provide liquidity is within the QLP's discretion to be exercised on a case-by-case basis.
- 2) Under trading model B, market maker liquidity has a higher priority than QLP liquidity and must be used in preference by the QLP. The QLP may only make its own QLP liquidity available if an electronic request to the market maker is not answered within five seconds or the market maker offers less than the required volume.
- 3) Under trading model C, the QLP may not provide its own liquidity unless the QLP liquidity (which may only be made available by the QLP within the market maker quote) serves to avoid partial executions within the market maker quote or to facilitate economically viable partial executions.

Trading models B and C are not available to all market makers as they need to show they have a direct quoting connection between market maker and QLP.

Market makers are obliged to provide during trading hours, or as requested by a QLP, continuous market maker quotes (bid and offer prices) for their products for a set minimum volume. These market maker quotes are processed by the QLP and are then transmitted to the electronic trading system, which takes such quotes provided by the QLP into account in determining the price. An issuer must specify a maximum spread for each security prior to its inclusion in the Euwax segment. Minimum quote size is determined by the exchange.

### TSX<sup>8</sup>

The TSX publicizes the availability of an assignment of responsibility and then collects service level bids from interested participating organizations through a bidding process. It reviews the service level bid and makes the assignment.

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<sup>7</sup> [www.boerse-stuttgart.de/en/](http://www.boerse-stuttgart.de/en/).

<sup>8</sup> [www.tmx.com](http://www.tmx.com) and TSX Rule Book.

The initial establishment of a spread goal for a security is subject to negotiation between each market maker and the TSX. Any further changes to the spread goal are also subject to negotiation.

Market maker firms are required to maintain a minimum ratio of Tier B (less liquid securities) securities for each Tier A (more liquid securities) security that it is assigned. The applicable ratio is adjusted periodically based on the ratio of the total number of Tier A securities to Tier B securities traded on the TSX. Market maker firms are not permitted to have greater than a specified percentage of security assignments within any given tier classification, unless otherwise permitted by the TSX.

TSX market maker responsibilities include: contributing to market liquidity and depth, and moderate price volatility; maintaining a continuous two-sided market within the spread goal on a time weighted average basis; guarantee fills for odd lot and mixed lot orders at the current board lot quotation; maintaining the size of the minimum guaranteed fill (MGF) requirements agreed upon with the exchange; guaranteeing an automatic and immediate "one price" execution of disclosed MGF-eligible orders; be responsible for managing the opening of their securities of responsibility in accordance with exchange requirements and, if necessary, for opening those securities.

The exchange monitors spreads on an ongoing basis and assesses the performance of market makers on a monthly basis.

It is expected that at least 70% to 80% of market makers' trades in the securities they are responsible for shall be stabilizing or neutral trades (in general this means buying when there are sellers and selling when there are buyers, for example when filling a MGF order). Performance in this area is measured periodically by the TSX and reported. If 30% or more of a market maker's trades in their securities of responsibility are destabilizing trades, based on the number of transactions, share volume, dollar value of trading or any combination of those factors, the market maker's performance shall be considered unsatisfactory.

One market maker is assigned per security. Market makers that comply with their performance receive a preferential passive fee that is equal to the active fee.



**PARTS I AND VI OF  
ALPHA EXCHANGE INC.  
TRADING POLICIES**

**PART I. Definitions and Interpretations**

**1.1 Definitions**

(1) Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in Alpha Requirements that is defined or interpreted in

- (a) Ontario securities law,
- (b) UMIR, or
- (c) IIROC Rules,

has the same meaning in these Trading Policies.

(2) The following terms have the meanings set out when used in the Alpha Requirements and apply to the trading of both Alpha Listed Securities and Other Traded Securities unless otherwise specified:

<b>Alpha</b>	The recognized exchange which provides a marketplace for Alpha Listed Securities and Other Traded Securities on Alpha.
<b>Alpha Approval</b>	Any approval given by Alpha under the Alpha Requirements.
<b>Alpha Best Bid and Offer (ABBO)</b>	In respect of a particular security, the best bid, the highest price and its corresponding volume that a Member has published to buy, and the best offer, the lowest price and its corresponding volume that a Member has published to sell, in the Alpha CLOB.
<b>Alpha Closing Price or (ACP)</b>	The CCP for an Alpha Listed Security unless it exceeds parameters established by Alpha. The Alpha Closing Price for Other Traded Securities will be adjusted overnight to reflect the closing price on the principal market as established in UMIR.
<b>Alpha Last Sale Price (ALSP)</b>	The price at which the last trade of a Board Lot was executed on Alpha, other than a Special Terms trade.
<b>Alpha Listed Security</b>	Securities listed by and traded on Alpha.
<b>Alpha Requirements</b>	Alpha Requirements include the following: <ul style="list-style-type: none"><li>1. These Trading Policies;</li><li>2. The Alpha Exchange Listing Handbook;</li><li>3. Obligations arising out of the Member Agreement or any Listing Forms;</li><li>4. Any forms issued pursuant to these Trading Policies or the Alpha Exchange Listing Handbook;</li><li>5. UMIR; and</li><li>6. Ontario securities law, and any decision thereunder as it may be amended, supplemented and in effect from time to time.</li></ul>
<b>Alpha Systems</b>	The electronic systems operated by Alpha for providing all facilities and services related to the trading of Alpha Listed Securities and Other Traded Securities on Alpha.
<b>Approved Trader</b>	An employee of a Member who has been approved as a <del>Trader</del> <u>trader</u> , or an employee of a client of a Sponsoring Member who has been approved as a <del>Trader</del> <u>trader</u> .
<b>Assigned Security</b>	The particular Alpha Listed Security or Other Traded Security for which a Member has been appointed either <u>as the Lead Market Maker</u> or <u>Market Maker and the Odd Lot Dealer</u> .

<b>Board</b>	The Board of Directors of Alpha and any committee of the Board of Directors to which powers have been delegated.
<b>Board Lot</b>	A standard trading unit.
<b>Bypass Cross</b>	A cross that has a bypass marker.
<b>Bypass Order</b>	<p>An order that has a bypass marker to indicate that it is:</p> <ul style="list-style-type: none"><li>(a) part of a designated trade; or</li><li>(b) to satisfy an obligation to fill an order imposed on a Member or DMA Eligible Client by any provision of UMIR or a Policy;</li></ul> <p>and that is entered on a protected marketplace to execute as against the disclosed volume on that marketplace prior to the execution or cancellation of the balance of the order.</p>
<b>Calculated Opening Price (COP)</b>	A single price calculated for a security whereby the trading volume is maximized and the trading imbalance is minimized and is within parameters defined by Alpha in the opening call.
<b>Calculated Closing Price (CCP)</b>	A single price calculated for a security whereby the trading volume is maximized and the trading imbalance is minimized, and is within parameters defined by Alpha in the closing call.
<b>Central Limit Order Book (CLOB)</b>	The electronic book containing all Board Lot orders entered for execution in a continuous manner with price and priority rankings.
<b>Clearing Corporation</b>	CDS Clearing and Depository Services Inc. and any successor corporation or entity recognized as a clearing agency.
<b>Directed Action Order (DAO)</b>	A specific order type as defined in NI 23-101 that informs a marketplace that the order can be immediately carried out without delay or regard to any other better priced orders displayed by another marketplace.
<b>Decision</b>	Any decision, direction, order, ruling, guideline or other determination of Alpha, or of the Market Regulator made in the administration of these Trading Policies.
<b>DMA Eligible Client</b>	<p>A DMA Eligible Client is a client of a Member to which it provides sponsored access and that is:</p> <ol style="list-style-type: none"><li>1. A client that falls within the definition of “acceptable counterparties” or “acceptable institutions” or “regulated entities” as defined in the General Notes and Definitions section of the Joint Regulatory Financial Questionnaire and Report.</li><li>2. A client that is registered as a portfolio manager under the Securities Act of one or more of the Provinces of Canada.</li><li>3. A client that is a foreign broker or dealer (or the equivalent registration) registered with the appropriate regulatory body in the broker’s or dealer’s home jurisdiction and that is an affiliate of a Member acting for its own account, the accounts of other Eligible Clients or the accounts of its clients.</li><li>4. A client that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the customer and falls into one of the following categories:<ul style="list-style-type: none"><li>(a) An insurance company as defined in section 2(13) of the U.S. Securities Act of 1933,</li><li>(b) An investment company registered under the U.S. Securities Act of 1933 or any business development company as defined in section 2(a)(48) of that Act,</li><li>(c) A small business investment company licensed by the U.S. Small Business</li></ul></li></ol>

- Administration under section 301 © or (d) of the U.S. Small Business Investment Act of 1958,
- (d) plan established and maintained by a U.S. state, its political subdivisions, or any agency or instrumentality of a U.S. state or its political subdivisions, for the benefit of its employees,
  - (e) An employee benefit plan within the meaning of Title I of the U.S. Employee Retirement Income Securities Act of 1974,
  - (f) A trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in (d) or (e) above, except trust funds that include as participants individual retirement accounts or U.S. H.R. 10 plans,
  - (g) A business development company as defined in section 202(a)(22) of the U.S. Investment Advisers Act of 1940,
  - (h) An organization described in section 501 (c)(3) of the U.S. Internal Revenue Code, corporation (other than a bank as defined in section 3(a)(2) of the U.S. Securities Act of 1933 or a savings and loan association or other institution referenced in section 3(a)(5)(A) of the U.S. Securities Act of 1933 or a foreign bank or savings and loan association or equivalent institution), partnership or Massachusetts or similar business trust, and
  - (i) An investment adviser registered under the U.S. Investment Advisers Act.
5. A client that is a dealer registered pursuant to section 15 of the U.S. Securities Exchange Act of 1934, acting for its own account or the accounts of other Eligible Clients, that in the aggregate owns and invests on a discretionary basis at least \$10 million of securities of issuers that are not affiliated with the dealer, provided that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer.
6. A client that is an investment company registered under the U.S. Investment Company Act, acting for its own account or for the accounts of other Eligible Clients, that is part of a family of investment companies which own in the aggregate at least \$100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies and, for these purposes, "family of investment companies" means any two or more investment companies registered under the U.S. Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided, for these purposes:
- (a) Each series of a series company (as defined in Rule 18f-2 under the U.S. Investment Company Act) shall be deemed to be a separate investment company; and
  - (b) Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority owned subsidiary of the other investment company's adviser (or depositor).
7. A client, all of the equity owners of which are Eligible Clients, acting for its own account or the accounts of other Eligible Clients.
8. A client that is not an individual, with total securities under administration or management exceeding \$10 million, where the client is a resident in a Basel Accord country as defined in the General Notes and Definitions section of the

Joint Regulatory Financial Questionnaire and Report.

9. A client that is a bank as defined in section 3(a)(2) of the U.S. Securities Act of 1933, or any savings and loan institution or other institution as referenced in section 3(a)(5)(A) of the U.S. Securities Act of 1933, acting for its own account or the accounts of other Eligible Clients, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least \$25 million.

<b>IIROC</b>	The Investment Industry Regulatory Organization of Canada.
<b>IIROC Rules</b>	UMIR and IIROC's dealer member rules.
<b>Intentional Cross</b>	A trade resulting from the entry by a Member or DMA Eligible Client of both the order to purchase and the order to sell a security, but does not include a trade in which the Member has entered one of the orders as a jitney order.
<b>Internal Cross</b>	An Intentional Cross between two accounts which are managed by a single firm acting as a portfolio manager with discretionary authority to manage the investment portfolio granted by each of the holders of the accounts and includes a trade in respect of which the Member or DMA Eligible Client is acting as a portfolio manager in authorizing the trade between the two accounts.
<b><u>Lead Market Maker</u></b>	The Member or Members appointed as a market maker <u>Lead Market Maker by an issuer</u> for a particular Alpha Listed Security.
<b><u>Lead Market Maker Approved Trader</u></b>	<u>The Approved Trader, given responsibility to fulfill a Lead Market Maker's responsibilities under these Trading Policies</u>
<b><u>Market Maker</u></b>	<u>The Member or Members appointed as market maker for a particular Alpha Listed Security or Other Traded Security.</u>  <u><b>Commentary:</b> The terms <u>Market Maker for an Alpha Listed Security</u> and <u>"Market Maker for an Other Traded Security"</u> will be used if the provision is only applicable to one and not the other. Otherwise the provision will be applicable to both.</u>
<b>Market Maker Approved Trader</b>	The Approved Trader, given responsibility to fulfill a Market Maker's responsibilities under these Trading Policies.
<b>Market Regulator</b>	IIROC or such other person recognized by the Ontario Securities Commission as a Regulation Services Provider for the purposes of Ontario securities law and which has been retained by Alpha as an acceptable Regulation Services Provider.
<b>Member</b>	A member approved by Alpha to access the Alpha Systems, provided such access has not been terminated.
<b>Member Agreement</b>	The agreement entered into between Alpha and a Member which sets out the terms and conditions of the Member's access to the Alpha Systems <u>which includes the Lead Market Maker Application Form and Agreement and Market Maker Application Form and Agreement as schedules thereto.</u>
<b>Mixed Lot</b>	An order containing at least one Board Lot and an Odd Lot.
<b>National Best Bid and Offer (NBBO)</b>	The best bid and best offer of at least a Board Lot on all visible marketplaces, but does not include special terms orders.
<b>National Cross</b>	A cross entered during the continuous trading session which at the time of entry was at or within the NBBO.
<b>National Last Sale Price (NLSP)</b>	The most recent trade of at least a Board Lot on any marketplace, other than a special terms trade.
<b>Notice</b>	A communication or document given, delivered, sent or served by Alpha.
<b>Odd Lot</b>	Any amount less than a Board Lot.

<b>Odd Lot Approved Trader</b>	The Approved Trader, given responsibility to fulfill an Odd Lot Dealer's responsibilities under these Trading Policies.
<b>Odd Lot Dealer</b>	A Member appointed as an Odd Lot Dealer for a particular security.
<b>Odd Lot Order Book (OLOB)</b>	The electronic book containing all Odd Lot orders.
<b>Order Protection Rule (OPR)</b>	NI 23-101, which sets out the requirements that ensure that all immediately accessible, visible, better-priced limit orders are executed before inferior-priced limit orders and are not traded through. OPR requires each marketplace to establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to prevent trade-throughs on that marketplace.
<b>Other Marketplace</b>	An exchange, quotation and trade reporting system, or alternative trading system other than Alpha, which is subject to UMIR, on which any of the same securities as are tradable on Alpha are tradable, which has been identified as a Protected Marketplace by an applicable regulatory authority, excluding marketplaces which Alpha specifically identifies as an excepted Other Marketplace.
<b>Other Traded Security (OTS)</b>	A security listed by a stock exchange other than Alpha and traded on Alpha.
<b>Person</b>	Includes without limitation a corporation, incorporated syndicated or other incorporated organization, sole proprietorship, partnership or trust.
<b>Related Entity<sup>1</sup></b>	A Person that is <ol style="list-style-type: none"><li>1. an affiliated entity of a Member, or</li><li>2. a control person of a Member or of which the Member is a control person,</li></ol> and that carries on as a substantial part of its business in Canada that of a broker, dealer or advisor in securities and that is not itself a Member.
<b>Related Person<sup>2</sup></b>	A Related Person is: <ol style="list-style-type: none"><li>1. A Related Entity,</li><li>2. An employee of a Member or a Related Entity,</li><li>3. Partners, directors and officers of a Member or Related Entity, and</li><li>4. Any other Person designated by Alpha.</li></ol>
<b>Retail Customer</b>	Is defined in accordance with Rule 1 of IIROC's dealer member rules.
<b>Settlement Day</b>	Any day on which trades may be settled through the facilities of the Clearing Corporation.
<b>Sponsoring Member</b>	A Member that provides a DMA Eligible Client with access to the Alpha Systems.
<b>Trading Contract</b>	Any agreement or contract: <ol style="list-style-type: none"><li>1. To buy or sell any Alpha Listed Security or OTS through Alpha's facilities; or</li><li>2. For delivery of, or payment for, any Alpha Listed Security or OTS (or security which was an Alpha Listed Security or OTS when the contract was made) arising from settlement through the Clearing Corporation.</li></ol>
<b>Trading Policies</b>	These Alpha Exchange trading policies, as they may be amended or supplemented from time to time.
<b>TTM Service</b>	The service used by Alpha to route designated orders, in part or in whole, to Other Marketplaces with the objective of complying with the Order Protection Rule (NI 23-101) to not trade through displayed better priced orders on such marketplaces.

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<sup>1</sup> Note that this definition is being used for the purpose of these Trading Policies and may differ from definitions used by other parties.

<sup>2</sup> Note that this definition is being used for the purpose of these Trading Policies and may differ from definitions used by other parties

**UMIR** The Universal Market Integrity Rules adopted by IIROC as amended, supplemented and in effect from time to time

**1.2. Interpretation**

- (1) A company is an affiliate of another company if one of them is a subsidiary of the other or if both are subsidiaries of the same company or if each of them is controlled by the same Person.
- (2) The division of Alpha Requirements into separate policies, divisions, sections, subsections and clauses and the provision of a table of contents, headings and notes is for convenience of reference only and shall not affect the construction or interpretation of Alpha Requirements.
- (3) The words “hereof,” “herein,” “hereby,” “hereunder” and similar expressions mean the whole of these Trading Policies and not simply the particular section of the Trading Policies in which the term is mentioned, unless the context clearly indicates otherwise.
- (4) The word “or” is not exclusive.
- (5) The word “including,” when following any general statement or term, does not limit the meaning of the general statement or term to the specific matter immediately following the statement or term.
- (6) Unless otherwise specified, any reference to a statute includes that statute and the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that supersedes that statute or regulation.
- (7) Unless otherwise specified, any reference to a rule, policy, blanket order or instrument includes all amendments made and in force from time to time, and to any rule, policy, blanket order or instrument that supersedes that rule, policy, blanket order or instrument.
- (8) Grammatical variations of any defined term have the same meaning.
- (9) Any word imputing gender includes the masculine, feminine and neuter genders.
- (10) Any word in the singular includes the plural and vice versa.
- (11) All references to time in Alpha Requirements are to Toronto time unless otherwise stated.
- (12) All references to currency in Alpha Requirements are to Canadian dollars unless otherwise stated.
- (13) All provisions of these Trading Policies apply to the trading of both Alpha Listed Securities and Other Traded Securities unless otherwise specified.

**PART VI. Lead Market Makers, Market Makers and Odd Lot Dealers**

**DIVISION 1 — LEAD MARKET MAKERS AND MARKET MAKERS**

**6.1. Appointment of Market Makers and Lead Market Makers**

- (1) ~~(1) — Alpha may appoint a Member or Members as a Market Maker for an Alpha Listed Security or OTS for the term specified in any Notice notifying the Members of the availability of the securities~~ the Lead Market Maker or Market Maker Application Form and Agreement, as applicable.
- (2) An Issuer listing at Alpha appoints a Lead Market Maker for an Alpha Listed Security subject to the approval of Alpha, however, Alpha reserves the right to appoint a Market Maker or a Member as a Lead Market Maker for an Alpha Listed Security in the event that the Alpha Listed Issuer's previous Lead Market Maker is terminated.
- (3) ~~(2)~~ A Member wishing to be appointed as a Lead Market Maker or Market Maker for a particular Alpha Listed Security or OTS must apply and agree to the terms on the designated applicable Lead Market Maker or Market Maker Application Form and Agreement.
- (3) Alpha may
- (a) approve an applicant;
  - (b) defer approval pending receipt of further information concerning the applicant's qualifications to be appointed a Market Maker; or
  - (c) refuse the application for such factors it considers relevant.
- (4) A Member whose application is refused may not make another application for a period of 90 days from the date of refusal.
- (5) A Member that is approved as a Lead Market Maker or Market Maker agrees to: (i) maintain its status as a Member of Alpha; and (ii) take all commercially reasonable steps to ensure that it complies with all requirements to act as a Lead Market Maker or Market Maker set out in the Alpha Requirements, as amended from time to time. Where the Lead Market Maker or Market Maker does not comply with such requirements it will immediately advise Alpha of such failure in writing. Such notification will include specific information as to the nature of such failure to comply.
- (6) A Member that is approved as a Lead Market Maker or Market Maker agrees that it has and will continue to have necessary resources, including trained personnel and technology, to allow it to carry out all of its obligations pursuant to the Lead Market Maker or Market Maker Agreement and these Trading Policies.
- (7) Alpha may revoke the Lead Market Maker or Market Maker's appointment as a Lead Market Maker or Market Maker for any or all securities or attach such additional terms or conditions to the Lead Market Maker or Market Maker Agreement as Alpha deems to be necessary, where:
- (a) the Lead Market Maker or Market Maker fails to comply with any term of the Lead Market Maker or Market Maker Agreement or, these Trading Policies, or if the Lead Market Maker or Market Maker fails to consistently perform at an adequate level to the satisfaction of Alpha (determined in Alpha's sole discretion);
  - (b) Alpha determines, in its sole discretion, that the Lead Market Maker or Market Maker or its officers, employees, directors or agents have violated any applicable regulatory requirement Alpha Requirements;
  - (c) Alpha believes, in its sole discretion, that the Lead Market Maker or Market Maker cannot or may not in the future carry out its obligations as a Lead Market Maker or Market Maker under these Trading Policies or the Market Maker Agreement; or
  - (d) Alpha has determined, in its sole discretion, that the Lead Market Maker or Market Maker or its officers, employees, directors or agents have in any way acted in a manner that is detrimental to the interests of Alpha or the public.

**6.2 Responsibilities of Lead Market Makers in Their and Market Makers for their Assigned Alpha Listed Securities**

- (1) (1) — A Lead Market Maker or Market Maker must trade for its own account in a sufficient degree to ensure reasonable price continuity and liquidity for the securities Alpha Listed Securities assigned to it.
- (2) In particular, a Lead Market Maker must or Market Maker for an Alpha Listed Security must meet the criteria and requirements established in the applicable Lead Market Maker or Market Maker Agreement, including:
- (a) (a) — postposting bids and offers on a continuous basis during the continuous trading session at no more than the specified spread agreed upon with the Exchange;
  - (a) — maintain a market and/or promote the fair value of the security in all trading sessions that is competitive with other marketplaces on which the security trades;
  - (b) maintaining a minimum quote size during the continuous trading session;
  - (c) (c) — appoint appointing a Lead Market Maker or Market Maker Approved Trader and back-up acceptable to Alpha;
  - (d) (d) — assist assisting other Members in executing orders for their Assigned Securities;
  - (e) (e) — notify notifying Alpha and the Market Regulator of any perceived violation of Alpha Requirements;
  - (f) (f) — provide providing Alpha with information concerning trading in their Assigned Securities.

**Commentary:**

Alpha will establish and or confirm standard criteria on an annual basis.

- (3) A Lead Market Maker must act as the Odd Lot Dealer for its Assigned Alpha Listed Securities.
- (4) No assignments will be made for Alpha Listed debt securities.
- (5) A Member wishing to be appointed as a Market Maker for Alpha Listed Securities must be willing to be assigned at least 20 securities, unless Alpha consents to a lower number. A Market Maker for an Alpha Listed Security must act as the Odd Lot Dealer for their Assigned Securities if there is no Lead Market Maker.
- (6) A Lead Market Maker or a Market Maker for an Alpha Listed Security must appoint, in writing, a trading officer, director or partner of the Member as its Market Maker Contact.
- (47) The Lead Market Maker or Market Maker Contact:
- (a) serves as the primary contact with Alpha, with authority to speak for the Member concerning its activities as a Market Maker; and
  - (b) manages the Member's market making responsibilities.
- (8) The Lead Market Maker shall implement policies and procedures to monitor the conduct for compliance with these Trading Policies applicable to the Lead Market Maker and changes to such policies.

**6.3 Responsibilities of Market Makers for their Assigned Other Traded Securities**

- (1) A Market Maker for Other Traded Securities must trade for its own account in a sufficient degree to ensure reasonable price continuity and liquidity for the securities assigned to it.
- (2) In particular, a Market Maker for an Other Traded Security must meet the criteria and requirements established in the applicable Market Maker for Other Traded Securities Agreement in order to receive the applicable benefits set out in the Market Maker for Other Traded Securities Agreement, including:
- (a) trading at least the percentage of trading volume established by the Exchange;
  - (b) achieving a minimum percentage of volume traded at the opening auction;



- (c) appointing a Market Maker Approved Trader and back-up acceptable to Alpha;
  - (d) notifying Alpha and the Market Regulator of any perceived violation of Alpha Requirements;
  - (e) providing Alpha with information concerning trading in their Assigned Securities.
- (3) A Market Maker for Other Traded Securities must act as the Odd Lot Dealer for their Assigned Securities.
- (4) No assignments will be made for Alpha for Other Traded Securities which are debt securities.
- (5) A Market Maker must appoint, in writing, a trading officer, director or partner of the Member as its Market Maker Contact.
- (6) A Member wishing to be appointed as a Market Maker for other Traded Securities must be willing to be assigned at least 200 securities, unless Alpha consents to a lower number.
- (7) The Market Maker for Other Trade Securities Contact:
- (a) serves as the primary contact with Alpha, with authority to speak for the Member concerning its activities as a Market Maker; and
  - (b) manages the Member's market making responsibilities.
- (8) The Market Maker for Other Traded Securities shall implement policies and procedures to monitor the conduct for compliance with these Trading Policies applicable to the Market Maker and changes to such policies.

#### **6.4 6.3.-Termination of Responsibilities**

- (1) A Lead Market Maker or Market Maker's obligations with respect to a right, warrant or similar security terminate 10 business days prior to the expiry date of the security.
- (2) A Lead Market Maker or Market Maker's obligations with respect to a preferred share that has been called for redemption or retraction terminate 10 business days prior to the redemption or retraction date of the security.
- (3) Alpha may suspend or terminate a Lead Market Maker or Market Maker's responsibilities where a corporate action or other unusual circumstance makes it impractical for the Lead Market Maker or Market Maker to carry out its responsibilities.
- (4) Alpha may suspend or terminate a Lead Market Maker or Market Maker's obligation to post an offer where
- (i) the Lead Market Maker or Market Maker is not long the security; and
  - (ii) the Lead Market Maker or Market Maker cannot borrow securities to cover short sales at a reasonable cost.

#### **6.5 6.4.-Notification**

- (1) A Lead Market Maker or Market Maker must give Alpha at least 10 days' prior notice of any change in the Lead Market Maker or Market Maker Contact, the Lead Market Maker or Market Maker Approved Trader or backup, unless circumstances make such prior notice impossible, in which case notice must be given as soon as possible.
- (2) A Lead Market Maker or Market Maker must inform Alpha immediately if market conditions in any of its assigned securities have changed such that it is no longer possible for the Market Maker to carry out its responsibilities.
- (3) A Lead Market Maker or Market Maker must give Alpha at least 60 days' prior written notice that it intends to relinquish its responsibilities in an Assigned Security, unless Alpha has consented to a shorter notice period.

#### **6.6 6.5.-Transition**

- (1) Alpha will provide Notice to all Members at least 30 days prior to the end of a Lead Market Maker or Market Maker's term when a Lead Market Maker or Market Maker has given notice under Section 6.4.6.5.

- (2) If the Lead Market Maker or Market Maker has not given notice of its intention to terminate its status as a Lead Market Maker or Market Maker, the assigned securities will remain with the current Lead Market Maker or Market Maker for successive one year terms.
- (1) The transfer of an assignment occurs on the date of the assignment to a new Lead Market Maker or Market Maker. Unless otherwise provided by Alpha and as set out in a Notice, the transfer of the assignment will occur 10 business days after Notice of the new appointment.

**DIVISION 2 — ODD LOT DEALERS ASSIGNMENT OF SECURITIES**

**6.6. Appointment of Odd Lot Dealers**

- (1) — Alpha may appoint a Member as Odd Lot Dealer for an Alpha Listed Security or OTS.
- (2) — A Member wishing to be appointed as an Odd Lot Dealer must apply and shall agree to the terms of the designated Odd Lot Dealer Agreement.
- (3) — A Member wishing to be appointed as an Odd Lot Dealer must act as such for at least 200 securities, unless Alpha consents to a lower number.
- (4) — Alpha may
  - (a) — approve an applicant;
  - (b) — defer approval pending receipt of further information concerning the applicant's qualifications to be appointed an Odd Lot Dealer; or
  - (c) — refuse the application for such factors it considers relevant.
- (5) — A Member whose application is refused may not make another application for a period of 90 days from the date of refusal.
- (6) — Alpha may revoke the Odd Lot Dealer's appointment as an Odd Lot Dealer for any or all securities or attach such additional terms or conditions to the Odd Lot Dealer Agreement as Alpha deems to be necessary, where:
  - (a) — the Odd Lot Dealer fails to comply with any term of the Odd Lot Dealer Agreement or these Trading Policies;
  - (b) — Alpha determines, in its sole discretion, that the Odd Lot Dealer or its officers, employees, directors or agents have violated any applicable regulatory requirement;
  - (c) — Alpha believes, in its sole discretion, that the Odd Lot Dealer cannot or may not in the future carry out its obligations as an Odd Lot Dealer under these Trading Policies or the Odd Lot Dealer Agreement; or
  - (d) — Alpha has determined, in its sole discretion, that the Odd Lot Dealer or its officers, employees, directors or agents have in any way acted in a manner that is detrimental to the interests of Alpha or the public.
- (7) — A Member that is approved as an Odd Lot Dealer agrees to: (i) maintain its status as a Member of Alpha; and (ii) take all commercially reasonable steps to ensure that it complies with all requirements to act as an Odd Lot Dealer set out in these Trading Policies, as amended from time to time. Where the Odd Lot Dealer does not comply with such requirements it will immediately advise Alpha of such failure in writing. Such notification will include specific information as to the nature of such failure to comply.
- (8) — A Member that is approved as an Odd Lot Dealer agrees that it has and will continue to have necessary resources, including trained personnel and technology, to allow it to carry out all of its obligations pursuant to the Odd Lot Dealer Agreement and these Trading Policies.

**6.7 Assignment of Securities to Market Makers**

- (1) (1) — Alpha will assign securities to Odd Lot Dealers Market Makers at least five business days prior to the effective date of the assignment.

- (2) Alpha may reassign a security if
  - (a) the number of ~~Odd Lot Dealers~~ Market Makers increases;
  - (b) the ~~Odd Lot Dealer~~Market Maker for that security requests a reassignment.
  - (c) the ~~Odd Lot Dealer~~Market Maker for that security has chosen not to renew its appointment; or
  - (d) Alpha withdraws its approval of the ~~Odd Lot Dealer~~Lead Market Maker or Market Maker for that security.
- (3) Any reassignment will be made on a random basis in accordance with Alpha Exchange procedures.
- (4) If a reassignment request has been made pursuant to Rule 6.7(2)(b) and the security cannot be reassigned, the ~~Odd Lot Dealer~~Market Maker will continue to have responsibility for the rest of its one year term, subject to Rule 6.10(3) and (46.4).

**Commentary**

~~Alpha Odd Lot facilities are available to Members for all instruments other than listed or unlisted debt securities.~~

**6.8. Responsibilities of Odd Lot Dealer in their Assigned Securities**

- (1) ~~An Odd Lot Dealer must~~
  - (a) ~~accept and honour automatic execution of Odd Lot orders in accordance with Alpha Requirements for one year following its appointment;~~
  - (b) ~~appoint an Odd Lot Approved Trader and back-up acceptable to Alpha;~~
  - (c) ~~assist other Members in executing Odd Lot orders;~~
  - (d) ~~notify Alpha and the Market Regulator of any perceived violation of Alpha Requirements;~~
  - (e) ~~provide Alpha with information concerning Odd Lot trading in their assigned securities.~~
- (2) ~~An Odd Lot Dealer must appoint, in writing, a trading officer, director or partner of the Member as its Odd Lot Dealer Contact.~~
- (3) ~~The Odd Lot Dealer Contact:~~
  - (a) ~~serves as the primary contact with Alpha, with authority to speak for the Member concerning its activities as an Odd Lot Dealer; and~~
  - (b) ~~manages the Member's Odd Lot dealing responsibilities.~~

**6.9. Termination of Responsibilities**

- (1) ~~An Odd Lot Dealer's obligations with respect to a right, warrant or similar security terminate 10 business days prior to the expiry date of the security.~~
- (2) ~~An Odd Lot Dealer's obligations with respect to a preferred share that has been called for redemption or retraction terminate 10 business days prior to the redemption or retraction date of the security.~~
- (3) ~~Alpha may suspend or terminate an Odd Lot Dealer's responsibilities where a corporate action or other unusual circumstance makes it impractical for the Odd Lot Dealer to carry out its responsibilities.~~
- (4) ~~Alpha may suspend or terminate an Odd Lot Dealer's obligation to execute against buy orders where~~
  - (a) ~~the Odd Lot Dealer is not long the security; and~~
  - (b) ~~the Odd Lot Dealer cannot borrow securities to cover short sales at a reasonable cost.~~

**6.10. Notification**

- (1) An Odd Lot Dealer must give Alpha at least 10 days' prior notice of any change in the Odd Lot Dealer Contact, the Odd Lot Approved Trader or backup, unless circumstances make such prior notice impossible, in which case notice must be given as soon as possible.
- (2) An Odd Lot Dealer must inform Alpha immediately if market conditions in any of its Assigned Securities have changed such that it is no longer possible for the Odd Lot Dealer to carry out its responsibilities.
- (3) An Odd Lot Dealer must give Alpha at least 30 days' prior written notice that it will not renew its appointment, unless Alpha has consented to a shorter notice period.
- (4) Failure to give the notice required by Rule 6.10(3) will result in a renewal of the Odd Lot Dealer's responsibilities for a further one year term.

**6.11. Transition of an Odd Lot Book**

- (1) Alpha will provide Notice to all Members at least 30 days prior to the end of an Odd Lot Dealer's term, or when an Odd Lot Dealer has given notice under Section 6.10, so that other Members may apply to be an Odd Lot Dealer for the subsequent term.
- (2) If no new Member applies to become an Odd Lot Dealer at the end of a term of a current Odd Lot Dealer and the Odd Lot Dealer had not given notice of its intention to terminate its status as an Odd Lot Dealer, the assigned securities will remain with the current Odd Lot Dealer until such time that a new Odd Lot Dealer is assigned those securities or that the Odd Lot Dealer gives notice under Section 6.10(3).
- (3) The transfer of an assignment occurs on the date of the assignment to a new Odd Lot Dealer. Unless otherwise provided by Alpha and as set out in a Notice, the transfer of the assignment will occur 10 business days after the new appointment.
- (4) If there is no new appointment of an Odd Lot Dealer to the securities and the Odd Lot Dealer has requested a termination of its Odd Lot Dealer status those securities will be assigned to the remaining Odd Lot Dealers. However, if for some reason there is no Odd Lot Dealer for a security, then the Odd Lot Orders or Mixed Lot Orders for the securities will be rejected upon the effective date of the termination.
- (5) Any Odd Lot Orders or Mixed Lot Orders remaining in the Central Limit Order Book or the Odd Lot Order book at the time of termination or suspension of the appointment will be cancelled if there has not been a re-assignment of securities.

**6.8 6.12. Sessions, Dates and Times**

- (1) Odd Lot Orders may be entered for trading during the Pre-Open Phase, Continuous Trading Session, and Extended Trading Session.
- (2) Odd Lot Orders may be executed during the Continuous Trading Session and the Extended Trading Session.

**DIVISION 3 — TRADING IN THE ODD LOT BOOK**

**6.9 6.13. Continuous Trading Session.**

- (1) Incoming Odd Lot Market Orders will auto-execute at the time of order entry, at the National Best Bid and Offer price (sell orders at the best bid and buy orders at the best offer).
  - (a) If the relevant price is not available in the National Best Bid and Offer, the Odd Lot Market Order will be booked in the Odd Lot Order Book (OLOB) at the National Last Sale Price.
- (2) Incoming Odd Lot Limit Orders
  - (a) with price equal to or better than the National Best Bid and Offer will auto-execute at the time of order entry, at the National Best Bid and Offer price, and
  - (b) all other Odd Lot Limit Orders will be booked in the OLOB.

- (3) Odd Lot Limit Orders booked in the OLOB will be executed at the NBBO. Odd Lot limit sell orders will be executed at the National Best Bid price if the limit price is equal to or better than the National Best Bid and Odd Lot limit buy orders will be executed at the National Best offer price if the limit price is equal to or better than the National Best Offer.
- (a) at each National Last Sale Price-setting trade Odd Lot limit orders booked in the OLOB will be validated against the NBBO.
  - (b) when there is an update (i.e. new order or order amend) in the Alpha CLOB Odd Lot limit orders booked in the OLOB will be validated against the NBBO.
  - (c) when the Odd Lot limit price is worse than the National Best Bid for sell orders and worse than the National Best Offer for buy orders, than the Odd Lot order will remain in the Odd Lot order book.
- (4) For Mixed Lot Orders,
- (a) the round lot portion will trade in the CLOB using regular CLOB matching mechanism, and
  - (b) the Odd Lot portion will auto-execute when the last Board Lot of the round lot portion is executed, at the price of the last Board Lot.

**Commentary:**

Example:

XYZ Security NBBO

Bid		Ask	
200 shares	10.00	10.05	100 shares

NLSP is 10.04

Example 1:

- Incoming order to buy 50 @ market will auto-execute at 10.05 (section ~~6-126.9~~(1)(a))

Example 2:

- Incoming order to buy 50 @ 10.06 will auto-execute at 10.05 (section ~~6-126.9~~(2)(a))

Example 3:

- Incoming order to buy 50 @ 10.03 will be registered in the OLOB – no auto-execution (section ~~6-126.9~~(2)(b))

Example 4:

- A new order to buy 100 @ market is entered and 100 shares execute in the CLOB at 10.05. As a result there is now no current National Best Offer price.
- An order is entered to buy 50 @10.03 and is registered in the OLOB.
- A new sell order is entered for 500 shares at \$10.03, 200 shares subsequently execute at \$10.03. As a result the NBBO: \$10.00 - \$10.03 and NLSP: \$10.03).
- The odd lot order will auto-execute at 10.03, which is at the National Best Offer (section ~~6-126.9~~(3)(a)).

Example 5:

- An order is entered to buy 50 @10.03 and is registered in the OLOB.

- A new order to sell 200 @ 10.02 is registered in the Alpha CLOB.
- The odd lot order will auto-execute at \$10.02, since there was an update to the Alpha CLOB (section ~~6.126.9~~(3)(b))

Example 6:

- An order is entered to buy 250 @ 10.05.
- 1 trade will execute: 100 shares at 10.05. 100 shares are registered in the CLOB and available for trading and 50 shares hidden. ABBO is now 10.05-10.06
- An order to sell 100 @ market is entered and 100 shares execute at 10.05.
- The 50 hidden shares will now execute at 10.05, since 10.05 is the price at which the last board lot of the original mixed lot order was executed (section d.)

Example 7:

- An order is entered to buy 50 @10.04 and is registered in the OLOB.
- The NLSP is updated to \$10.04
- No Trade is executed (Section ~~6.126.9~~(3)(c)). Limit Price is outside the National Best Offer.

#### **6.10~~6.14~~ Opening Session**

- (1) Odd Lot Orders do not participate in the opening auction.
- (2) If trades are executed in the Opening,
  - (a) Odd Lot Market Orders entered in the pre-open will auto-execute at the COP, immediately following the Opening.
  - (b) Odd Lot Limit Orders with price equal to or better than the will auto-execute at the COP, in accordance with rule ~~6.126.9~~(3), immediately following the Opening.
- (3) If no trades are executed in the Opening
  - (a) ~~(a)~~ Odd lot market orders entered in the Pre-Open will be booked as the odd lot limit orders at the price equal to the adjusted closing price that is used in the pre-open.
- (4) If the last board lot size of a mixed lot order is executed in the Opening, the odd lot part of the mixed lot order will be executed at the COP.

#### **6.11~~6.15~~ Closing Session**

- (1) Odd Lot orders do not participate in the Closing auction.
- (2) If trades are executed in the Closing, odd lot limit orders with price equal to or better than the Alpha Closing Price will auto-execute at the closing price, immediately following the Closing.
- (3) If the last board lot size of a mixed lot order is executed in the Closing, the odd lot part of the mixed lot order will be executed at the Alpha Closing Price.

#### **6.12~~6.15~~ Mixed Lot Short Sale Orders**

- (1) Mixed lot Short Sale orders will be pegged to the NLSP up to the order's limit price and then executed according to ~~6.13~~, ~~6.146.9~~, ~~6.10~~ and ~~6.15~~~~6.11~~.

#### **6.13~~6.16~~ Orders Booked in OLOB**

- (1) Orders booked in the OLOB are not disseminated on the public data feed.

Odd-Lot Dealer will receive an auto-execution message for each Odd-Lot trade that it participated in.

**Accepted Odd Lot Orders**

Market Orders  
Limit Orders  
FOK Orders  
FAK Orders  
AON Orders  
On-Stop Orders  
Short Sales (pass-through marker only, no price adjustment)  
Special Terms Orders  
Cross (Regular)  
GTx Orders

**Non-Accepted Odd Lot Orders**

Standard Iceberg Orders  
Price Improvement Iceberg Order  
Inside Match Order  
Specialty Price Cross  
MOO  
LOO  
MOC

**DIVISION 4 — ASSESSMENT OF PERFORMANCE OF OLDS AND LEAD MARKET MAKERS AND MARKET MAKERS**

**6.146-17. Assessment of Performance**

- (1) ~~From~~As set out in the applicable Lead Market Maker or Market Maker Agreement, from time to time and at least annually monthly, Alpha will assess the performance of Lead Market Makers and Odd Lot Dealers or Market Makers.
- (2) On completion of the assessment of performance over a three month period, the Alpha Exchange may, for such factors as it sees fit
  - (a) continue the appointment of the Member as a Lead Market Makers or Market Maker or Odd Lot Dealer in any or all of its Assigned Securities;
  - (b) continue the appointment of the Member as a Lead Market Makers or Market Maker or Odd Lot Dealer in any or all of its Assigned Securities and impose additional terms and conditions condition; or
  - (c) withdraw approval of the Member as a Lead Market Makers or Market Maker or Odd Lot Dealer in any or all of its Assigned Securities.
- (3) Alpha may withdraw approval of or impose additional terms and conditions on a Lead Market Makers or Market Maker, its Lead Market Makers or Market Maker Contact, any Lead Market Makers or Market Maker Approved Traders or backups, Odd Lot Dealer, or Odd Lot Dealer Approved Trader, if Alpha determines that any of these parties has contravened or is contravening any Alpha Requirement or IIROC rule.

**DIVISION 5 — UNFAIR TRADING**

**6.156-18. Unfair Trading in Odd Lots**

- (1) ~~Odd Lot Dealers~~ Lead Market Makers or Market Makers and Members are responsible to ensure that Odd Lot activity is in compliance with all requirements.

**Commentary:**

The following types of activity may be reviewed as an indication of unfair trading:

Unbundling Round Lots for the purpose of entering Odd Lot orders.

Entering of both buy and sell Odd Lot Limit orders in the same security before one of the orders is executed, for the purpose of capturing the spread in the stock.

Other types of trading activity that is not consistent with traditional Odd Lot investment activity.

Effecting pre-arranged wash sales in Odd Lots, which are trades in which an offer to buy is coupled with an offer to sell back at the same or advanced price (or vice versa).

Entering orders into the CLOB for the purpose of affecting the execution price of the Odd Lot trades.

- (2) If Alpha deems a Member is engaging in Odd Lot trading activity that is unfair, Alpha may restrict the Member or suspend the Approved Trader from Odd Lot activity.



**SCHEDULES 2, 3 AND 4 OF ALPHA EXCHANGE INC. MEMBER AGREEMENT**

**SCHEDULE 2 – LEAD MARKET MAKER APPLICATION  
FORM AND AGREEMENT FOR ALPHA LISTED SECURITIES**

---

Member: \_\_\_\_\_  
Lead Market Maker Approved Trader: \_\_\_\_\_  
Back-up Trader: \_\_\_\_\_

Is the Member, the Lead Market Maker Approved Trader or the Back-up Trader an insider (as defined in section 1.1 of the Securities Act (Ontario) of the issuer of the security that is the subject of this application? If yes, provide details:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The terms and conditions below form part of the Lead Market Maker Application Form and Agreement.

**Lead Market Maker Terms and Conditions:**

**1. LEAD MARKET MAKER RESPONSIBILITIES**

- (a) Appointment of Lead Market Makers for Alpha Listed Securities. Upon execution of this Agreement, (“the Lead Market Maker”) agrees to act as a Lead Market Maker in accordance with the Trading Policies of Alpha Exchange Inc. (“Alpha”) provided to the Lead Market Maker (“Policies”), as amended from time to time. Alpha shall be entitled to approve the Lead Market Maker that has been requested by the Alpha Listed Issuer for a specific security in accordance with the terms of the Policies or in such other manner as Alpha may deem appropriate, in its sole discretion.
- (b) Status as a Member. The Lead Market Maker agrees to: (i) maintain its status as a Member of Alpha; and (ii) take all commercially reasonable steps to ensure that it complies with all requirements to act as a Lead Market Maker set out in this Agreement and the Policies, as amended from time to time. Where the Lead Market Maker does not comply with such requirements it will immediately advise Alpha of such failure in writing. Such notification will include specific information as to the nature of such failure to comply.
- (c) Obligations of Market Makers. The Lead Market Maker will carry out all obligations of a Lead Market Maker as set out in this Agreement, including but not limited to those obligations set out in Appendix “A”, which may be amended by Alpha Exchange, and the Policies or as otherwise directed by Alpha and will at all times carry out all obligations in compliance with the Alpha Requirements, as defined in the Member agreement entered into by the Lead Market Maker and Alpha, as amended from time to time (the “Member Agreement”).
- (d) Resources. The Lead Market Maker represents and warrants that it has and will continue to have necessary resources, including trained personnel and technology, to allow it to carry out all of its obligations pursuant to this Agreement and the Policies.
- (e) Lead Market Maker Policies. The Lead Market Maker shall implement policies and procedures to monitor the conduct for compliance with the Policies applicable to the Lead Market Maker and changes to such policies.
- (f) Odd Lot Responsibilities. The Lead Market Maker will carry out all obligations of an odd-lot dealer as set out in Trading Policies or as otherwise directed by Alpha and will at all times carry out all obligations in compliance with the Alpha Requirements, as defined in the Trading Policies

(which have been incorporated by reference into and form a part of the Member Agreement) entered into by the Lead Market Maker and Alpha, as amended from time to time (the “Member Agreement”).

- (g) Term. The Lead Market Maker agrees to act as a Lead Market Maker for all securities assigned by Alpha for a period of three (3) years, with an automatic renewal for additional one year terms, subject to each party’s right to terminate in accordance with the specific provisions of this Agreement (the “Term”). All terms shall expire on the anniversary of each year.

**2. ALPHA RESPONSIBILITIES**

- (a) Access to Information. Alpha shall take reasonable steps to provide the Lead Market Maker with access to data and information to allow the Lead Market Maker to evaluate the performance of its obligations hereunder. Alpha will provide monthly (or more frequently at Alpha’s discretion) reports regarding the Lead Market Maker’s performance of its obligations.
- (b) Changes to Policies. Where practical to do so, Alpha shall take reasonable steps to notify the Lead Market Maker of proposed changes to the Policies not less than 30 days prior to the implementation of such a change. Notwithstanding this obligation, Alpha may implement any change in Policies without such notification where Alpha deems the immediate implementation of such change is necessary or desirable, in its absolute discretion. Nothing in this section shall be construed to affect the Lead Market Maker’s responsibility to comply with Section 1(e) herein.

**3. TERMINATION OF RESPONSIBILITIES**

- (a) Breach of Obligations. Alpha shall be entitled to revoke the Lead Market Maker’s appointment as a Lead Market Maker for any or all securities or attach such additional terms or conditions to this Agreement as Alpha deems to be necessary, where:
  - (i) the Lead Market Maker fails to comply with any term of this Agreement or the Policies;
  - (ii) Alpha determines, in its sole discretion, that the Lead Market Maker or its officers, employees, directors or agents have violated any Alpha Requirement;
  - (iii) Alpha believes, in its sole discretion, that the Lead Market Maker cannot or may not in the future carry out its obligations as a Lead Market Maker under the Policies or this Agreement; or

- (iv) Alpha has determined, in its sole discretion that the Lead Market Maker or its officers, employees, directors or agents have in any way acted in a manner that is detrimental to the interests of Alpha or the public.
- (b) Termination for Convenience. The Lead Market Maker shall be entitled, during the Term, to terminate its responsibilities hereunder, in relation to all securities for which it acts as a Lead Market Maker by providing written notice of its intention to do so not less than sixty (60) days prior to the end of the year.
- (c) Transition. The Lead Market Maker agrees to comply with all provisions of the Trading Policies relating to the transition responsibilities as a Market Maker wherever its responsibilities have been terminated or suspended hereunder. The Lead Market Maker has appropriate resources, policies and procedures in place to ensure compliance with all applicable Alpha Requirements when undertaking any activity on the System in furtherance of a trade, and has the capacity to settle all trades executed on or through the use of the System.
- (d) Amendments in writing. No amendment to this Agreement shall be valid unless made in writing and signed by Alpha and the Lead Market Maker.
- (e) Assignment of rights. The Market Maker may not transfer or assign its rights and obligations hereunder without the prior written consent of Alpha and the issuer for which it is acting as Lead Market Maker. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- (f) Execution in counterparts. This Agreement may be executed in counterparts. Each executed counterpart may be delivered to the other party by facsimile and/or electronic file, and copies bearing the signature of a party will constitute a valid and binding execution and delivery of this Agreement.
- (g) Whole or partial invalidity. The whole or partial invalidity of any provision of this Agreement shall not affect the validity of any other provision of this Agreement. If any provisions or conditions of this Agreement shall be held to be unenforceable by a court, or regulatory or self-regulatory authority, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected thereby and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein. To the extent permitted by law, the parties waive any provision of law that renders any provision of this Agreement invalid or unenforceable in any respect.

#### 4. FEES AND CREDITS

- (a) Fees. In addition to any other requirements in the Member Agreement regarding other services, the Lead Market Maker shall be obliged to pay fees and entitled to receive credits in accordance with Attachment B of this Lead Market Maker Agreement in relation to the security to which it is acting as the Lead Market Maker.
- (b) Invoicing. Alpha shall, as an element of the invoice provided pursuant to the Member Agreement, invoice the Lead Market Maker for all fees payable, or where applicable credits payable by Alpha, under this Lead Market Maker Agreement. All fees payable, or credits earned hereunder will be aggregated with fees payable under the Member Agreement in a single invoice payable monthly.
- (h) Natural Disasters. Notwithstanding any other term or condition of this Agreement, neither Alpha nor the Lead Market Maker Dealer shall be obligated to perform or observe its obligations undertaken in the agreement (except for obligations to make payments hereunder and regulatory obligations) if prevented or hindered from doing so by any circumstance found to be beyond its control, including industrial disputes of any nature, acts of nature, acts of a public enemy, acts of government, failure of telecommunications, software or hardware, sabotage, terrorism, lightning or electromagnetic disturbances, earthquake, flood, fire or other casualty and the other party will likewise be excused from performance of its obligations (other than timely payment of fees) to the extent such party's obligations relate to the performance so interfered with; provided that the party so affected uses its reasonable efforts to avoid or remove such causes of non-performance and shall resume performance hereunder with dispatch whenever such causes are removed.

#### 5. GENERAL

- (a) All capitalized terms not otherwise defined herein shall have the definition assigned for that term in the Member Agreement.
- (b) Notices. All notices hereunder shall be provided herein in the same manner as described in the Member Agreement.
- (c) Laws governing. This Agreement shall be governed by the laws of the Province of Ontario and both parties unconditionally attorn to the exclusive jurisdiction of the courts of the Province of Ontario.
- (i) Language. The parties confirm their express wish that this Agreement, as well as any other

documents relating to this Agreement, including notices, schedules and authorizations, have been and shall be drawn up in the English language only. Les parties aux présentes confirment leur volonté que cette convention, de même que tous les documents, y compris tous avis, annexes et autorisations s'y rattachant, soient rédigés en la langue anglaise seulement.

- (j) Effect of Termination. Termination of the agreement or the appointment of any Member as a Market Maker shall not terminate or negate any obligations of the Lead Market Maker to complete or implement any transaction entered into prior to such termination or arising from or accruing from authorized activities of the Lead Market Maker up to the effective time of termination.
- (k) Liability.
  - (i) Except for Alpha's indemnity obligations hereunder, Alpha's entire aggregate liability arising from or related to this Agreement shall not exceed the sum of ten thousand dollars (\$10,000), even if such cause of action is continuing.
  - (ii) In no event shall any of Alpha's related parties, affiliates, partners or any third party providers of any of Alpha's or such other entities officers, directors, employees or agents have any liability to the Lead Market Maker under or related to this Agreement.
  - (iii) This Section shall not exclude or restrict Alpha's liability for death or personal injury arising from either the negligence of Alpha or its officers, employees, agents, or partners, including where they are acting in the ordinary course of their duties. Such liability shall in no event exceed the sum of one million dollars (\$1,000,000).
  - (iv) Money damages may both be incalculable and an insufficient remedy for any breach of the agreement by such party or its employees, agents or representatives and that any such breach would cause the other party irreparable harm. In the event of any such breach or threatened breach of the agreement, the other party shall be entitled to seek equitable relief, including by way of injunction and specific performance.
  - (v) Neither Alpha nor the Lead Market Maker shall be liable, under any circumstances, for any indirect, incidental, reliance, special, punitive or consequential damages including, but not limited to, lost profits, lost opportunities, even if the applicable party has been advised of the possibility of such damages.
- (l) Disclaimers. All disclaimers and limitation herein shall apply regardless of the nature of any cause of action or demand (including, but not limited to breach of contract, breach of warranty,

negligence, strict liability, tort or any other cause of action) and shall survive a fundamental breach or breaches and/or failure of the essential purpose of this Agreement or any remedy contained herein.

- (m) Indemnifications.
  - (i) Alpha agrees to pay, either on its own behalf, or on behalf of a third party provider, subject to the limitations herein set forth, any losses, damages or expenses incurred by the Lead Market Maker arising from any claim, suit or proceeding commenced by a third party alleging that there has been an infringement of any such third party's intellectual property rights resulting from the execution of this Agreement ("Infringement Claim"). The Lead Market Maker agrees that Alpha shall be relieved of the foregoing obligations unless the Lead Market Maker notifies Alpha promptly in writing of such claim, suit or proceeding and gives Alpha authority to defend and settle such proceeding as contemplated herein, and, at Alpha and/or third party's expense, as applicable, gives Alpha and/or third party provider proper and full information and assistance to settle and/or defend any such claim, suit or proceeding. Neither Alpha nor third party providers shall be liable for any costs or expenses incurred without their prior written authorization.
  - (ii) The Market Maker will indemnify, defend, and hold Alpha, its related parties, subsidiaries, affiliates, partners, officers, directors and employees harmless of and from any demands, losses, claims, judgment, liabilities, actions, proceedings, penalties, damages, costs or suits (other than for Infringement Claims) that arise out of or relate to the violation of the terms of this Agreement by the Lead Market Maker or its officers, employees, directors or agents. The Lead Market Maker shall pay on demand all amounts due under this section.
- (n) Currency. Unless otherwise expressly specified, all amounts referred to herein shall be denominated in Canadian dollars.
- (o) Time of the Essence. Time shall be the essence of the agreement.

<b>LEAD MARKET MAKER AUTHORIZATION AND DECLARATION</b>	
Lead Market Maker	
Name of Signing Officer	Title
Signature	Date

<b>ALPHA EXCHANGE INC.</b>	
Name of Signing Officer	Title
Signature	Date

**Attachment "A" to the Lead Market Maker Agreement – Trading Standards**

STANDARD CRITERIA FOR CONTINUOUS TRADING SESSION

LIQUIDITY LEVEL	Level 1	Level 2	Level 3
MINIMUM QUOTE SIZE	•	•	•
MAXIMUM SPREAD	•	•	•
PRESENCE	99%	99%	99%

STANDARD CRITERIA FOR OPENING AUCTION TRADING SESSION

LIQUIDITY LEVEL	Level 1	Level 2	Level 3
DAILY MINIMUM PARTICIPATION	•	•	•

CRITERIA FOR CONTINUOUS TRADING SESSION FOR SECURITY REQUESTED AS AGREED WITH LISTING ISSUER

Security Requested: \_\_\_\_\_

LIQUIDITY LEVEL	Level 1	Level 2	Level 3
MINIMUM QUOTE SIZE			
MAXIMUM SPREAD			
PRESENCE			

**Acknowledgement**

Alpha Listed Issuer for the Security Requested: \_\_\_\_\_

Authorized Signing Officer

CRITERIA FOR CONTINUOUS TRADING SESSION FOR SECURITY REQUESTED AS  
AGREED WITH LISTING ISSUER

Security Requested: \_\_\_\_\_

LIQUIDITY LEVEL	Level 1	Level 2	Level 3
MINIMUM QUOTE SIZE			
MAXIMUM SPREAD			
PRESENCE			

**Acknowledgement**

Alpha Listed Issuer for the  
Security Requested: \_\_\_\_\_  
Authorized Signing Officer

CRITERIA FOR CONTINUOUS TRADING SESSION FOR SECURITY REQUESTED AS  
AGREED WITH LISTING ISSUER

Security Requested: \_\_\_\_\_

LIQUIDITY LEVEL	Level 1	Level 2	Level 3
MINIMUM QUOTE SIZE			
MAXIMUM SPREAD			
PRESENCE			

**Acknowledgement**

Alpha Listed Issuer for the  
Security Requested: \_\_\_\_\_  
Authorized Signing Officer

**Attachment “B” to the Lead Market Maker Agreement – Fees**

<p>For trades on Assigned Securities and other Eligible Securities<sup>(2)</sup> made by the Lead Market Maker<sup>(1)</sup></p> <p>Continuous Passive – Lead Market Maker                  Trade Price/Share &lt; \$1                  Trade Price/Share &gt;=\$1 &amp; &lt;5                  Trade Price/Share &gt;= \$5</p> <p>Continuous Passive – Lead Market Maker – Exchange Traded Funds                  Trade Price/Share &lt; \$1                  Trade Price/Share &gt;=\$1</p>	
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<p>For trades on Assigned Securities and other Eligible Securities made by the Lead Market Maker of Exchange-Traded-Funds and structured products<sup>(1)</sup></p> <p>Continuous Active – Market Maker                  Trade Price/Share &lt; \$1                  Trade Price/Share &gt;=\$1 &amp; &lt;5                  Trade Price/Share &gt;= \$5</p>	
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<p>If the Lead Market Maker is in compliance with the minimum participation criteria in the opening auction then the Lead Market Maker will receive the following rebate for trades in the opening auction in its Assigned Securities:</p>	
<p>Trade Price/Share &lt; \$1                  Trade Price/Share &gt;=\$1 &amp; &lt;5                  Trade Price/Share &gt;= \$5</p>	

<p>Additional Compensation for Assigned Securities:</p> <p>The Lead Market Maker will receive on a monthly basis a certain percent of the Exchange’s trading revenue for the Assigned Security for the next 3 years following the listing of such security<sup>(1)</sup>:</p> <p>For year 1: •% of the trading revenue received by Alpha for the Assigned Security.                  For year 2: •% of the trading revenue received by Alpha for the Assigned Security.                  For year 3: •% of the trading revenue received by Alpha for the Assigned Security.</p>
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**Notes:**

- 1) When the Lead Market Maker is in compliance with its continuous Lead Market Maker obligations as set out in Attachment “A” to the Lead Market Maker Agreement for the preceding month then it shall qualify for the fees set out to be applied to the current month.
- 2) An “Eligible Security” is defined to mean: the top 20 most actively traded security of the respective market maker trader ID if the Lead Market Maker acts as such on less than 10 ETFs / SPI –Other; (ii) the top 50 most actively traded security of the respective market maker trader ID if the Lead Market Maker acts as such on between 10 ETFs / SPI – Other; or (iii) the top 100 most actively traded security of the respective market maker trader ID if the Lead Market Maker acts as such on more than 100 ETFs / SPI-Other.



**Odd-Lot Fees for the Lead Market Maker:**

<b>Transactional Fees</b>	
<b>Equity Trades</b>	<b>Fee/Share</b>
Autoexecution - Exchange Traded Funds	
Trade Price/Share < \$1	
Trade Price/Share >=\$1	
Autoexecution - Other	
Trade Price/Share < \$1	
Trade Price/Share >=\$1 &<\$5	
Trade Price/Share >= \$5	
<b>Note/Debenture Trades</b>	<b>Fee/\$1,000 par value</b>
Autoexecution	

**Notes**

- 1) These fees are only payable in relation to trading activity conducted utilizing the specific trader identification (Trader ID) utilized for odd lot trading activity.
- 2) The fees (credits) in relation to the "Autoexecution" of trades by the Lead Market Maker acting as the Odd Lot Dealer will be as set out under the "Autoexecution" sections.
- 3) These fees do not apply to any trading activity of the Odd-Lot Dealer except as referenced in Item (1) above.
- 4) The fees payable or credits receivable pursuant to the terms hereof shall be payable in accordance with the terms of the Lead Market Maker Agreement and/or the Member Agreement. All amounts payable or credit earned hereunder shall be netted with all amount payable under the Lead Market Maker Agreement and/or the Member Agreement.
- 5) For the purposes of this fee table, each \$1,000 par value of Debentures/Bonds traded will be treated as one Share (i.e. a \$100 par value Autoexecute will entitle the Odd-Lot Dealer to a credit of \$0.00031).

**SCHEDULE 3 – MARKET MAKER APPLICATION  
FORM AND AGREEMENT FOR ALPHA LISTED SECURITIES**

---

Member: \_\_\_\_\_  
Market Maker Approved Trader: \_\_\_\_\_  
Back-up Trader: \_\_\_\_\_

Is the Member, the Market Maker Approved Trader or the Back-up Trader an insider (as defined in section 1.1 of the Securities Act (Ontario) of the issuer of the security that is the subject of this application? If yes, provide details:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The terms and conditions below form part of the Market Maker Application Form and Agreement.

**Market Maker Terms and Conditions:**

**1. MARKET MAKER RESPONSIBILITIES**

- (a) Appointment of Market Makers for Alpha Listed Securities. Upon execution of this Agreement, (“the Market Maker”) agrees to act as a Market Maker in accordance with the Trading Policies of Alpha Exchange Inc. (“Alpha”) provided to the Market Maker (“Policies”), as amended from time to time. Alpha shall be entitled to approve the Market Maker for an Alpha Listed Issuer for a specific security in accordance with the terms of the Policies or in such other manner as Alpha may deem appropriate, in its sole discretion.
- (b) Status as a Member. The Market Maker agrees to:
  - (i) maintain its status as a Member of Alpha; and
  - (ii) take all commercially reasonable steps to ensure that it complies with all requirements to act as a Market Maker set out in this Agreement and the Policies, as amended from time to time. Where the Market Maker does not comply with such requirements it will immediately advise Alpha of such failure in writing. Such notification will include specific information as to the nature of such failure to comply.
- (c) Obligations of Market Makers. The Market Maker will carry out all obligations of a Market Maker as set out in this Agreement, including but not limited to those obligations set out in Appendix “A”, which may be amended by Alpha Exchange, and the Policies or as otherwise directed by Alpha and will at all times carry out all obligations in compliance with the Alpha Requirements, as defined in the Member agreement entered into by the Market Maker and Alpha, as amended from time to time (the “Member Agreement”).
- (d) Resources. The Market Maker represents and warrants that it has and will continue to have necessary resources, including trained personnel and technology, to allow it to carry out all of its obligations pursuant to this Agreement and the Policies.
- (e) Market Maker Policies. The Market Maker shall implement policies and procedures to monitor the conduct for compliance with the Policies applicable to the Market Maker and changes to such policies.
- (f) Term. The Market Maker agrees to act as a Market Maker for all securities assigned by Alpha for a period of one (1) year, with an automatic renewal for additional one year terms, subject to each party’s right to terminate in accordance with the specific provisions of this Agreement (the “Term”). All terms shall expire on the anniversary of each year.

**2. ALPHA RESPONSIBILITIES**

- (a) Access to Information. Alpha shall take reasonable steps to provide the Market Maker with access to data and information to allow the Market Maker to evaluate the performance of its obligations hereunder. Alpha will provide monthly (or more frequently at Alpha’s discretion) reports to the Market Maker regarding the performance of its obligations.
- (b) Changes to Policies. Where practical to do so, Alpha shall take reasonable steps to notify the Market Maker of proposed changes to the Policies not less than 30 days prior to the implementation of such a change. Notwithstanding this obligation, Alpha may implement any change in Policies without such notification where Alpha deems the immediate implementation of such change is necessary or desirable, in its absolute discretion. Nothing in this section shall be construed to affect the Market Maker’s responsibility to comply with Section 1(e) herein.

**3. TERMINATION OF RESPONSIBILITIES**

- (a) Breach of Obligations. Alpha shall be entitled to revoke the Market Maker’s appointment as a Market Maker for any or all securities or attach such additional terms or conditions to this Agreement as Alpha deems to be necessary, where:
  - (i) the Market Maker fails to comply with any term of this Agreement or the Policies;
  - (ii) the Market Maker becomes the Lead Market Maker for an Alpha Listed Security;
  - (iii) Alpha determines, in its sole discretion, that the Market Maker or its officers, employees, directors or agents have violated any Alpha Requirement;
  - (iv) Alpha believes, in its sole discretion, that the Market Maker cannot or may not in the future carry out its obligations as a Market Maker under the Policies or this Agreement; or
  - (v) Alpha has determined, in its sole discretion that the Market Maker or its officers, employees, directors or agents have in any way acted in a manner that is detrimental to the interests of Alpha or the public.
- (b) Termination for Convenience. The Market Maker shall be entitled, during the Term, to terminate its responsibilities hereunder, in relation to all securities for which it acts as a Market Maker by providing written notice of its intention to do so not

less than sixty (60) days prior to the end of the year.

- (c) Transition. The Market Maker agrees to comply with all provisions of the Trading Policies relating to the transition responsibilities as a Market Maker wherever its responsibilities have been terminated or suspended hereunder. The Market Maker has appropriate resources, policies and procedures in place to ensure compliance with all applicable Alpha Requirements when undertaking any activity on the System in furtherance of a trade, and has the capacity to settle all trades executed on or through the use of the System.

#### 4. FEES AND CREDITS

- (a) Fees. The Market Maker shall be obliged to pay fees and entitled to receive credits in accordance with Attachment B of this Market Maker Agreement in relation to the security to which it is acting as the Market Maker.
- (b) Invoicing. Alpha shall, as an element of the invoice provided pursuant to the Member Agreement, invoice the Market Maker for all fees payable, or where applicable credits payable by Alpha, under this Market Maker Agreement. All fees payable, or credits earned hereunder will be aggregated with fees payable under the Member Agreement in a single invoice payable monthly.

#### 5. GENERAL

- (a) All capitalized terms not otherwise defined herein shall have the definition assigned for that term in the Member Agreement.
- (b) Notices. All notices hereunder shall be provided herein in the same manner as described in the Member Agreement.
- (c) Laws governing. This agreement shall be governed by the laws of the Province of Ontario and both parties unconditionally attorn to the exclusive jurisdiction of the courts of the Province of Ontario.
- (d) Amendments in writing. No amendment to this Agreement shall be valid unless made in writing and signed by Alpha and the Market Maker.
- (e) Assignment of rights. The Market Maker may not transfer or assign its rights and obligations hereunder without the prior written consent of Alpha. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- (f) Execution in counterparts. This Agreement may be executed in counterparts. Each executed counterpart may be delivered to the other party by facsimile and/or electronic file, and copies bearing

the signature of a party will constitute a valid and binding execution and delivery of this Agreement.

- (g) Whole or partial invalidity. The whole or partial invalidity of any provision of this Agreement shall not affect the validity of any other provision of this Agreement. If any provisions or conditions of this Agreement shall be held to be unenforceable by a court, or regulatory or self-regulatory authority, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected thereby and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein. To the extent permitted by law, the parties waive any provision of law that renders any provision of this Agreement invalid or unenforceable in any respect.
- (h) Natural Disasters. Notwithstanding any other term or condition of this Agreement, neither Alpha nor the Market Maker Dealer shall be obligated to perform or observe its obligations undertaken in the agreement (except for obligations to make payments hereunder and regulatory obligations) if prevented or hindered from doing so by any circumstance found to be beyond its control, including industrial disputes of any nature, acts of nature, acts of a public enemy, acts of government, failure of telecommunications, software or hardware, sabotage, terrorism, lightning or electromagnetic disturbances, earthquake, flood, fire or other casualty and the other party will likewise be excused from performance of its obligations (other than timely payment of fees) to the extent such party's obligations relate to the performance so interfered with; provided that the party so affected uses its reasonable efforts to avoid or remove such causes of non-performance and shall resume performance hereunder with dispatch whenever such causes are removed.
- (i) Language. The parties confirm their express wish that this Agreement, as well as any other documents relating to this Agreement, including notices, schedules and authorizations, have been and shall be drawn up in the English language only. Les parties aux présentes confirment leur volonté que cette convention, de même que tous les documents, y compris tous avis, annexes et autorisations s'y rattachant, soient rédigés en la langue anglaise seulement.
- (j) Effect of Termination. Termination of the agreement or the appointment of any Member as an Market Maker shall not terminate or negate any obligations of the Market Maker to complete or implement any transaction entered into prior to such termination or arising from or accruing from authorized activities of the Market Maker up to the effective time of termination.

(k) Liability.

- (i) Except for Alpha's indemnity obligations hereunder, Alpha's entire aggregate liability arising from or related to this Agreement shall not exceed the sum of ten thousand dollars (\$10,000), even if such cause of action is continuing.
- (ii) In no event shall any of Alpha's related parties, affiliates, partners or any third party providers of any of Alpha's or such other entities officers, directors, employees or agents have any liability to the Market Maker under or related to this Agreement.
- (iii) This Section shall not exclude or restrict Alpha's liability for death or personal injury arising from either the negligence of Alpha or its officers, employees, agents, or partners, including where they are acting in the ordinary course of their duties. Such liability shall in no event exceed the sum of one million dollars (\$1,000,000).
- (iv) Money damages may both be incalculable and an insufficient remedy for any breach of the agreement by such party or its employees, agents or representatives and that any such breach would cause the other party irreparable harm. In the event of any such breach or threatened breach of the agreement, the other party shall be entitled to seek equitable relief, including by way of injunction and specific performance.
- (v) Neither Alpha or the Market Maker shall be liable, under any circumstances, for any indirect, incidental, reliance, special, punitive or consequential damages including, but not limited to, lost profits, lost opportunities, even if the applicable party has been advised of the possibility of such damages.

- (l) Disclaimers. All disclaimers and limitation herein shall apply regardless of the nature of any cause of action or demand (including, but not limited to breach of contract, breach of warranty, negligence, strict liability, tort or any other cause of action) and shall survive a fundamental breach or breaches and/or failure of the essential purpose of this Agreement or any remedy contained herein.

(m) Indemnifications.

- (i) Alpha agrees to pay, either on its own behalf, or on behalf of a third party provider, subject to the limitations herein set forth, any losses, damages or expenses incurred by the Market Maker arising from any claim, suit or proceeding commenced by a third party alleging that there has been an infringement

of any such third party's intellectual property rights resulting from the execution of this Agreement ("Infringement Claim"). The Market Maker agrees that Alpha shall be relieved of the foregoing obligations unless the Market Maker notifies Alpha promptly in writing of such claim, suit or proceeding and gives Alpha authority to defend and settle such proceeding as contemplated herein, and, at Alpha and/or third party's expense, as applicable, gives Alpha and/or third party provider proper and full information and assistance to settle and/or defend any such claim, suit or proceeding. Neither Alpha nor third party providers shall be liable for any costs or expenses incurred without their prior written authorization.

- (ii) The Market Maker will indemnify, defend, and hold Alpha, its related parties, subsidiaries, affiliates, partners, officers, directors and employees harmless of and from any demands, losses, claims, judgment, liabilities, actions, proceedings, penalties, damages, costs or suits (other than for Infringement Claims) that arise out of or relate to the violation of the terms of this Agreement by the Market Maker or its officers, employees, directors or agents. The Market Maker shall pay on demand all amounts due under this section.

- (n) Currency. Unless otherwise expressly specified, all amounts referred to herein shall be denominated in Canadian dollars.

- (o) Time of the Essence. Time shall be the essence of the agreement.

MARKET MAKER AUTHORIZATION AND DECLARATION	
Market Maker	
Name of Signing Officer	Title
Signature	Date

ALPHA EXCHANGE INC.	
Name of Signing Officer	Title
Signature	Date

**Attachment "A" to the Market Maker Agreement – Trading Standards**

STANDARD CRITERIA FOR CONTINUOUS TRADING SESSION

LIQUIDITY LEVEL	Level 1	Level 2	Level 3
MINIMUM QUOTE SIZE	•	•	•
MAXIMUM SPREAD	•	•	•
PRESENCE	99%	99%	99%

Security Assigned: \_\_\_\_\_

Security Assigned: \_\_\_\_\_

Security Assigned: \_\_\_\_\_

Security Assigned: \_\_\_\_\_

**Attachment "B" to the Market Maker Agreement – Fees**

For trades on the assigned Alpha Listed Securities made by the Market Maker on next month <sup>(1)</sup> :	
Continuous Passive – Lead Market Maker	
Trade Price/Share < \$1	
Trade Price/Share >=\$1 & <5	
Trade Price/Share >= \$5	

**Notes:**

- 1) When the Market Maker is in compliance with its continuous Market Maker obligations as set out in Attachment "A" to the Market Maker Agreement for the preceding month then it shall qualify for the fees set out in this schedule to be applied to trades in the following month.

For all other fees on other trades please see the fees listed on Schedule 1 of the Member Agreement.



**SCHEDULE 4 – MARKET MAKER APPLICATION FORM  
AND AGREEMENT FOR ALPHA OTHER TRADED SECURITIES**

---

Member: \_\_\_\_\_  
Market Maker Approved Trader: \_\_\_\_\_  
Back-up Trader: \_\_\_\_\_  
Please list all other exchanges and securities (including symbols) in respect of which you act as a Market Maker for: \_\_\_\_\_

Is the Member, the Market Maker Approved Trader or the Back-up Trader an insider (as defined in section 1.1 of the Securities Act (Ontario) of the issuer of the security that is the subject of this application? If yes, provide details:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The terms and conditions below form part of the Market Maker Application Form and Agreement.

**Market Maker Terms and Conditions:**

**1. MARKET MAKER RESPONSIBILITIES**

- (a) Appointment of Market Makers for Alpha Other Traded Securities. Upon execution of this Agreement, (“the Market Maker”) agrees to act as a Market Maker in accordance with the Trading Policies of Alpha Exchange Inc. (“Alpha”) provided to the Market Maker (“Policies”), as amended from time to time. Alpha shall be entitled to approve the Market Maker for an Alpha Listed Issuer for a specific security in accordance with the terms of the Policies or in such other manner as Alpha may deem appropriate, in its sole discretion.
- (b) Status as a Member. The Market Maker agrees to:
  - (i) maintain its status as a Member of Alpha; and
  - (ii) take all commercially reasonable steps to ensure that it complies with all requirements to act as a Market Maker set out in this Agreement and the Policies, as amended from time to time. Where the Market Maker does not comply with such requirements it will immediately advise Alpha of such failure in writing. Such notification will include specific information as to the nature of such failure to comply.
- (c) Obligations of Market Makers. The Market Maker will carry out all obligations of a Market Maker as set out in this Agreement, including but not limited to those obligations set out in Appendix “A”, which may be amended by Alpha Exchange, and the Policies or as otherwise directed by Alpha and will at all times carry out all obligations in compliance with the Alpha Requirements, as defined in the Member agreement entered into by the Market Maker and Alpha, as amended from time to time (the “Member Agreement”).
- (d) Resources. The Market Maker represents and warrants that it has and will continue to have necessary resources, including trained personnel and technology, to allow it to carry out all of its obligations pursuant to this Agreement and the Policies.
- (e) Market Maker Policies. The Market Maker shall implement policies and procedures to monitor the conduct for compliance with the Policies applicable to the Market Maker and changes to such policies.
- (f) Term. The Market Maker agrees to act as a Market Maker for all securities assigned by Alpha for a period of one (1) year, with an automatic renewal for additional one year terms, subject to each party’s right to terminate in accordance with the specific provisions of this Agreement (the “Term”). All terms shall expire on the anniversary of each year.

- (f) Odd Lot Responsibilities. The Market Maker will carry out all obligations of an odd-lot dealer as set out in Trading Policies or as otherwise directed by Alpha and will at all times carry out all obligations in compliance with the Alpha Requirements, as defined in the Trading Policies (which have been incorporated by reference into and form a part of the Member Agreement) entered into by the Market Maker and Alpha, as amended from time to time (the “Member Agreement”).

**2. ALPHA RESPONSIBILITIES**

- (a) Access to Information. Alpha shall take reasonable steps to provide the Market Maker with access to data and information to allow the Market Maker to evaluate the performance of its obligations hereunder. Alpha will provide monthly (or more frequently at Alpha’s discretion) reports to the Market Maker regarding the performance of its obligations.
- (b) Changes to Policies. Where practical to do so, Alpha shall take reasonable steps to notify the Market Maker of proposed changes to the Policies not less than 30 days prior to the implementation of such a change. Notwithstanding this obligation, Alpha may implement any change in Policies without such notification where Alpha deems the immediate implementation of such change is necessary or desirable, in its absolute discretion. Nothing in this section shall be construed to affect the Market Maker’s responsibility to comply with Section 1(e) herein.

**3. TERMINATION OF RESPONSIBILITIES**

- (a) Breach of Obligations. Alpha shall be entitled to revoke the Market Maker’s appointment as a Market Maker for any or all securities or attach such additional terms or conditions to this Agreement as Alpha deems to be necessary, where:
  - (i) the Market Maker fails to comply with any term of this Agreement or the Policies;
  - (ii) Alpha determines, in its sole discretion, that the Market Maker or its officers, employees, directors or agents have violated any Alpha Requirement;
  - (iii) Alpha believes, in its sole discretion, that the Market Maker cannot or may not in the future carry out its obligations as a Market Maker under the Policies or this Agreement; or
  - (iv) Alpha has determined, in its sole discretion that the Market Maker or its officers, employees, directors or agents have in any

way acted in a manner that is detrimental to the interests of Alpha or the public.

- (b) Termination for Convenience. The Market Maker shall be entitled, during the Term, to terminate its responsibilities hereunder, in relation to all securities for which it acts as a Market Maker by providing written notice of its intention to do so not less than sixty (60) days prior to the end of the year.
- (c) Transition. The Market Maker agrees to comply with all provisions of the Trading Policies relating to the transition responsibilities as a Market Maker wherever its responsibilities have been terminated or suspended hereunder. The Market Maker has appropriate resources, policies and procedures in place to ensure compliance with all applicable Alpha Requirements when undertaking any activity on the System in furtherance of a trade, and has the capacity to settle all trades executed on or through the use of the System.

#### 4. FEES AND CREDITS

- (a) Fees. The Market Maker shall be obliged to pay fees and entitled to receive credits in accordance with Attachment B of this Market Maker Agreement in relation to the security to which it is acting as the Market Maker.
- (b) Invoicing. Alpha shall, as an element of the invoice provided pursuant to the Member Agreement, invoice the Market Maker for all fees payable, or where applicable credits payable by Alpha, under this Market Maker Agreement. All fees payable, or credits earned hereunder will be aggregated with fees payable under the Member Agreement in a single invoice payable monthly.

#### 5. GENERAL

- (a) All capitalized terms not otherwise defined herein shall have the definition assigned for that term in the Member Agreement.
- (b) Notices. All notices hereunder shall be provided herein in the same manner as described in the Member Agreement.
- (c) Laws governing. This agreement shall be governed by the laws of the Province of Ontario and both parties unconditionally attorn to the exclusive jurisdiction of the courts of the Province of Ontario.
- (d) Amendments in writing. No amendment to this Agreement shall be valid unless made in writing and signed by Alpha and the Market Maker.
- (e) Assignment of rights. The Market Maker may not transfer or assign its rights and obligations hereunder without the prior written consent of

Alpha. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

- (f) Execution in counterparts. This Agreement may be executed in counterparts. Each executed counterpart may be delivered to the other party by facsimile and/or electronic file, and copies bearing the signature of a party will constitute a valid and binding execution and delivery of this Agreement.
- (g) Whole or partial invalidity. The whole or partial invalidity of any provision of this Agreement shall not affect the validity of any other provision of this Agreement. If any provisions or conditions of this Agreement shall be held to be unenforceable by a court, or regulatory or self-regulatory authority, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected thereby and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein. To the extent permitted by law, the parties waive any provision of law that renders any provision of this Agreement invalid or unenforceable in any respect.
- (h) Natural Disasters. Notwithstanding any other term or condition of this Agreement, neither Alpha nor the Market Maker Dealer shall be obligated to perform or observe its obligations undertaken in the agreement (except for obligations to make payments hereunder and regulatory obligations) if prevented or hindered from doing so by any circumstance found to be beyond its control, including industrial disputes of any nature, acts of nature, acts of a public enemy, acts of government, failure of telecommunications, software or hardware, sabotage, terrorism, lightning or electromagnetic disturbances, earthquake, flood, fire or other casualty and the other party will likewise be excused from performance of its obligations (other than timely payment of fees) to the extent such party's obligations relate to the performance so interfered with; provided that the party so affected uses its reasonable efforts to avoid or remove such causes of non-performance and shall resume performance hereunder with dispatch whenever such causes are removed.
- (i) Language. The parties confirm their express wish that this Agreement, as well as any other documents relating to this Agreement, including notices, schedules and authorizations, have been and shall be drawn up in the English language only. Les parties aux présentes confirment leur volonté que cette convention, de même que tous les documents, y compris tous avis, annexes et autorisations s'y rattachant, soient rédigés en la langue anglaise seulement.

(j) Effect of Termination. Termination of the agreement or the appointment of any Member as an Market Maker shall not terminate or negate any obligations of the Market Maker to complete or implement any transaction entered into prior to such termination or arising from or accruing from authorized activities of the Market Maker up to the effective time of termination.

(k) Liability.

(i) Except for Alpha's indemnity obligations hereunder, Alpha's entire aggregate liability arising from or related to this Agreement shall not exceed the sum of ten thousand dollars (\$10,000), even if such cause of action is continuing.

(ii) In no event shall any of Alpha's related parties, affiliates, partners or any third party providers of any of Alpha's or such other entities officers, directors, employees or agents have any liability to the Market Maker under or related to this Agreement.

(iii) This Section shall not exclude or restrict Alpha's liability for death or personal injury arising from either the negligence of Alpha or its officers, employees, agents, or partners, including where they are acting in the ordinary course of their duties. Such liability shall in no event exceed the sum of one million dollars (\$1,000,000).

(iv) Money damages may both be incalculable and an insufficient remedy for any breach of the agreement by such party or its employees, agents or representatives and that any such breach would cause the other party irreparable harm. In the event of any such breach or threatened breach of the agreement, the other party shall be entitled to seek equitable relief, including by way of injunction and specific performance.

(v) Neither Alpha or the Market Maker shall be liable, under any circumstances, for any indirect, incidental, reliance, special, punitive or consequential damages including, but not limited to, lost profits, lost opportunities, even if the applicable party has been advised of the possibility of such damages.

(l) Disclaimers. All disclaimers and limitation herein shall apply regardless of the nature of any cause of action or demand (including, but not limited to

breach of contract, breach of warranty, negligence, strict liability, tort or any other cause of action) and shall survive a fundamental breach or breaches and/or failure of the essential purpose of this Agreement or any remedy contained herein.

(m) Indemnifications.

(i) Alpha agrees to pay, either on its own behalf, or on behalf of a third party provider, subject to the limitations herein set forth, any losses, damages or expenses incurred by the Market Maker arising from any claim, suit or proceeding commenced by a third party alleging that there has been an infringement of any such third party's intellectual property rights resulting from the execution of this Agreement ("Infringement Claim"). The Market Maker agrees that Alpha shall be relieved of the foregoing obligations unless the Market Maker notifies Alpha promptly in writing of such claim, suit or proceeding and gives Alpha authority to defend and settle such proceeding as contemplated herein, and, at Alpha and/or third party's expense, as applicable, gives Alpha and/or third party provider proper and full information and assistance to settle and/or defend any such claim, suit or proceeding. Neither Alpha nor third party providers shall be liable for any costs or expenses incurred without their prior written authorization.

(ii) The Market Maker will indemnify, defend, and hold Alpha, its related parties, subsidiaries, affiliates, partners, officers, directors and employees harmless of and from any demands, losses, claims, judgment, liabilities, actions, proceedings, penalties, damages, costs or suits (other than for Infringement Claims) that arise out of or relate to the violation of the terms of this Agreement by the Market Maker or its officers, employees, directors or agents. The Market Maker shall pay on demand all amounts due under this section.

(n) Currency. Unless otherwise expressly specified, all amounts referred to herein shall be denominated in Canadian dollars.

(o) Time of the Essence. Time shall be the essence of the agreement.

MARKET MAKER AUTHORIZATION AND DECLARATION	
Market Maker	
Name of Signing Officer	Title
Signature	Date

ALPHA EXCHANGE INC.	
Name of Signing Officer	Title
Signature	Date

**Attachment "A" to the Market Maker Agreement – Trading Standards**

STANDARD CRITERIA FOR CONTINUOUS TRADING SESSION

LIQUIDITY LEVEL	Level 1	Level 2	Level 3
VOLUME TRADED AT ALPHA AS % OF TOTAL VOLUME TRADED IN ALL MARKETPLACES	•	•	•

STANDARD CRITERIA FOR AUCTION TRADING SESSION

LIQUIDITY LEVEL	Level 1	Level 2	Level 3
DAILY MINIMUM PARTICIPATION IN OPENING AUCTION TRADED VOLUME ON ALPHA	•	•	•
MAXIMUM OPENING FROM LISTED MARKET OPENING PRICE	•	•	•

Security Assigned: \_\_\_\_\_

Security Assigned: \_\_\_\_\_

Security Assigned: \_\_\_\_\_

Security Assigned: \_\_\_\_\_

**Attachment “B” to the Market Maker Agreement – Fees**

[NTD: If a Market Maker for an Alpha Other Traded Security meets the continuous trading criteria then it will receive credits on a per security basis. The credits will be applied to a defined dollar pool based on a formula. The credits will be earned over a period of a month.]

If the Market Maker for Other Traded Securities is in compliance with the minimum participation criteria and the maximum delta from the listed market opening price then the Market Maker will receive the following rebate for trades in the opening auction<sup>(1)</sup>:

Trade Price/Share < \$1 Trade Price/Share >=\$1 & <5 Trade Price/Share >= \$5	
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**Notes:**

- 1) When the Market Maker is in compliance with its opening auction Market Maker obligations as set out in Attachment “A” to the Market Maker Agreement for the preceding month then it shall qualify for the fees set out in this schedule in respect to its assigned Alpha Other Traded Securities.

For all other fees on other trades please see the fees listed on Schedule 1 of the Member Agreement.

**Odd-Lot Fees for the Market Maker of Alpha Other Traded Securities:**

<b>Transactional Fees</b>	
<b>Equity Trades</b>	<b>Fee/Share</b>
Autoexecution - Exchange Traded Funds	
Trade Price/Share < \$1	
Trade Price/Share >=\$1	
Autoexecution - Other	
Trade Price/Share < \$1	
Trade Price/Share >=\$1 & <\$5	
Trade Price/Share >= \$5	
<b>Note/Debenture Trades</b>	<b>Fee/\$1,000 par value</b>
Autoexecution	

**Notes**

- 1) These fees are only payable in relation to trading activity conducted utilizing the specific trader identification (Trader ID) utilized for odd lot trading activity.
- 2) The fees (credits) in relation to the “Autoexecution” of trades by the Market Maker acting as the Odd Lot Dealer will be as set out under the “Autoexecution” sections.
- 3) These fees do not apply to any trading activity of the Odd-Lot Dealer except as referenced in Item (1) above.
- 4) The fees payable or credits receivable pursuant to the terms hereof shall be payable in accordance with the terms of the Market Maker Agreement and/or the Member Agreement. All amounts payable or credit earned hereunder shall be netted with all amount payable under the Market Maker Agreement and/or the Member Agreement.
- 5) For the purposes of this fee table, each \$1,000 par value of Debentures/Bonds traded will be treated as one Share (i.e. a \$100 par value Autoexecute will entitle the Odd-Lot Dealer to a credit of \$0.00031).