

13.2 Marketplaces

13.2.1 Chi-X Canada ATS Ltd. – Notice of Proposed Changes and Request for Comment

CHI-X CANADA ATS LIMITED

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

Chi-X Canada ATS Limited has announced its plans to implement the changes described below on August 3, 2012. We are publishing this Notice of Proposed Changes in accordance with the requirements set out in OSC Staff Notice 21-703 “Transparency of the Operations of Stock Exchanges and Alternative Trading Systems” (OSC Staff Notice 21-703). Pursuant to OSC Staff Notice 21-703, market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by July 30, 2012 to:

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

And to

Matthew Thompson
Chief Compliance Officer
Chi-X Canada ATS Limited
130 King St., W, Suite 2105
Toronto, ON M5X 1E3
Email: matthew.thompson@chi-x.com

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

CHI-X CANADA ATS LIMITED

NOTICE OF PROPOSED CHANGES

Chi-X Canada ATS Limited ("Chi-X Canada") has announced its plans to implement the change described below August 3, 2012 unless otherwise noted. It is publishing this Notice of Proposed Changes in accordance with the requirements set out in OSC Staff Notice 21-703.

Description of Proposed Changes and Reasons for Changes

Chi-X Canada is introducing specialty crosses to its functionality. Subscribers will be able to select three new specialty crosses: Basis Cross; VWAP Cross; and Contingent Cross. Basis and VWAP crosses are not required to print within the CBBO, and will not update the national last sale price.

- Basis Cross – A cross of at least 80% of the component share weighting of the basket of securities, index participation unit, or derivative instrument that is the subject of the basis trade. In accordance with UMIR, prior to execution, the Subscriber shall report details of the transaction to IIROC.
- VWAP Cross – A VWAP cross is a cross of a security at the volume weighted average price of multiple trades on a marketplace or on a combination of marketplaces over a specified time period. The volume weighted average price is the ratio of value traded to total volume. In accordance with UMIR, where applicable, prior to execution, the Subscriber shall report details of the transaction to IIROC.
- Contingent Cross – A cross resulting from a paired order placed by a Participant on behalf of a client to execute an order on a security that is contingent on the execution of a second order placed by the same client for an offsetting volume of a related security as defined in UMIR.

Impact of the Changes

The addition of specialty crosses to Chi-X Canada's suite of order types will enable Subscribers to execute specialty transactions often including one trade involving a derivative and a second trade involving an equity or basket of equity securities that is required to be printed on a marketplace by Canadian regulation.

Consultations

Chi-X has consulted with industry participants who supported the proposed change.

Existence of Proposed Change in the Market

Similar order types are currently available in the Canadian capital markets. VWAP and Basis crosses are supported by the TSX, Alpha Exchange, Pure Trading, and OMEGA. Contingent crosses are supported by TSX and Pure Trading.

Any questions regarding these changes should be addressed to Matthew Thompson, Chi-X Canada: matthew.thompson@chi-xcanada.com, T: 416 304-6376