

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.2 Marketplaces

13.2.1 Triact Canada Marketplace LP – Notice of Proposed Changes and Request for Feedback – Cancel on Disconnect

TRIACT CANADA MARKETPLACE LP

NOTICE OF PROPOSED CHANGES AND REQUEST FOR FEEDBACK

CANCEL ON DISCONNECT

TriAct Canada Marketplace LP is publishing this Notice of Proposed Changes in accordance with the requirements set out in OSC Staff Notice 21-703 – *Transparency of the Operations of Stock Exchanges and Alternative Trading Systems*. Pursuant to OSC Staff Notice 21-703, market participants are invited to provide the commission with feedback on the proposed changes.

Feedback on the proposed changes should be in writing and submitted by **December 27, 2011** to:

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

And to:

Torstein Braaten
Chief Executive Officer
TriAct Canada Marketplace LP
The Exchange Tower
130 King Street West, Suite 1050
Toronto, ON M5X 1B1
Fax: (416) 861-8768
e-mail: tbraaten@triactcanada.com

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

**TRIACT CANADA MARKETPLACE LP
NOTICE OF PROPOSED CHANGES**

TriAct Canada Marketplace LP (Triact) plans to implement the proposed changes described below in Q4 2011. It is publishing this Notice of Proposed Changes in accordance with the requirements set out in OSC Staff Notice 21-703.

Any questions regarding these changes should be addressed to Torstein Braaten, Chief Executive Officer, TriAct Canada Marketplace LP: tbraaten@triactcanada.com, tel: 416-861-1010 ext 0260.

Description of Proposed Changes and Reasons for Changes

Cancel on Disconnect (COD) functionality is being introduced to allow an automated cancellation of open and unfilled orders in the event of involuntary loss of connectivity between MATCH Now and an Access Vendor/Subscriber on a specifically designated FIX trading connection. COD is an optional, automated function configurable by session bundle. When triggered on an order entry session bundle enabled for COD, the session bundle will be blocked and all open day orders associated with the blocked session bundle will be cancelled. All cancellation messages will be kept in the queue and will be delivered to the client when the session is unblocked and the client requests recovery after reconnecting during the same trading day.

Impact of the Changes

This functionality will assist traders in mitigating risks associated with having open orders exposed in MATCH Now that cannot be managed when there is an involuntary loss of connectivity. This functionality will be available for all FIX trading sessions connecting to MATCH Now. MATCH Now will continue to offer its Subscribers the option to make a telephone request to cancel all open and unfilled orders.

Consultation

Triact is introducing this feature in response to customer demand. We also believe that this feature will help Triact subscribers better manage the financial and market risks that could occur if there is a loss of connectivity.

Consideration of Alternatives

A mass cancel feature requiring manual intervention is currently available, but it was determined that clients wanted to minimize market risk to the extent possible from the time of the disconnect to the completion of any manual process to cancel all open and unfilled orders.

Existence of Proposed Change in the Market

Cancel on disconnect functionality has become a standard offering across many North American market centres and major U.S. exchanges. In Canada, cancel on disconnect functionality is being proposed by the TSX, TSX Venture and TMX Select and is currently offered by Alpha (at the order level) and Chi-X (at the gateway session level).