

13.2.2 Omega Securities Inc. – Notice of Proposed Changes and Request for Comment

OMEGA SECURITIES INC.

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

Omega Securities Inc. announced its plans to implement the changes described below in Q1 2015. Omega Securities Inc. is filing a programming change on behalf of Omega ATS in compliance with the Process for review protocol for Form 21-101F2, Appendix A. This cover letter will consist of a description of the change and responses to the questions provided in section 5(a)(i) of the protocol.

Comment on the proposed changes should be in writing and submitted by Monday, April 13, 2015 to:

Market Regulation Branch
Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, ON M5H 3S8
Fax 416 595 8940
marketregulation@osc.gov.ca

and

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Omega Securities Inc.
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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.

Omega has announced plans to implement the change described below in Q1 2015 unless otherwise noted.

If you have any questions concerning the information below please contact Richard J Millar CCO for Omega ATS, at 416-646-2764.

Omega intends to introduce the following change:

1. Change in Order Priority Broker Preferencing:

A. Description:

Omega ATS intends to change our order matching priority from strict price/time (excluding intentional crosses), to price/broker/time (Broker Preferred Orders). Omega will match attributed visible liquidity orders originating from the same broker at the best bid or offer, superseding the time at which other broker's orders are entered. Omega will match attributed hidden orders originating from the same broker at the best bid or offer, superseding the time at which other broker's hidden orders are entered. All visible orders will retain priority to hidden orders at the best bid or offer.

As a result of this new feature, matching priority will be Price-Broker-Time for broker preferred orders and remain Price-Time on non preferred orders. Tag 76 (Broker number) and Tag 6761 (Anonymous) must be considered before matching opposite orders at the same price level. Priority will be given to those orders that have the same value under tag 76 at a given price and 6761 = 'N'. After an order gets filled according to Broker priority and no other attributed orders are available, time priority should be taken into account and the rest of the active order will match according to time priority of a passive book.

Example: Broker 76 enters an attributed sell order for 7 000 shares at 55.05 is submitted. Passive order book consists of attributed orders only and looks as follows:

Passive book

Price	Quantity	Broker number	Anonymous
55.05	2000	099	off
55.05	5000	036	off
55.05	1000	076	off

Outcome:

Even though 099 order was placed earlier the priority will be given to 076 buy order for 1 000 shares since the order was submitted by the same broker. As a result the first trade will be for 1 000 shares. Since there are no more orders in the book under broker 076

Time priority should be taken into account and 2 000 shares of Broker 099 will be filled. The last trade will be for 4 000 shares with Broker 036 on the opposite side.

B. Expected Implementation Date:

This is a mandatory change requiring no programming on the part of the subscriber. Any attributed trade from a subscriber would be matched with another attributed trade from the same at best bid or offer. We expect a thirty-day comment period would be required, but we are looking for the shortest possible implementation following comment and approval as there will be no programming required by subscribers.

C. The rationale for the proposal, and analysis:

Broker preferencing has been a popular and common function in Canada for decades. A subscribers desire to execute eligible trades on behalf of two clients simultaneously cannot be doubted.

D. The expected Impact of the proposed Significant Change on Market structure for Subscribers, Investors and capital markets :

The change will have little effect on market structure.

E. The proposed Significant Change's effect on the systemic risk in the Canadian financial system:

None

F. Expected impact of the Fee Change on Omega Securities compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:

None

G. Consultation Details:

We have discussed this model with participants and received positive responses.

H. Estimated time for Subscriber and Vendor system modifications for implementation of the proposed Significant Change:

System modification by the subscriber is not necessary. Testing will require no more than one week.

I. A discussion of any alternatives considered:

N/A

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

CX-2, TSX, Venture and other exchanges have broker preferencing. This function has been commonplace in Canada for decades and pre-dates the multiple market environment.

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