

13.2.2 Notice of Approval - Alpha Exchange Inc. – Amendments to the Alpha Exchange Inc. Trading Policies – SDL Order Interaction

ALPHA EXCHANGE INC.

**AMENDMENTS TO THE ALPHA EXCHANGE INC. TRADING POLICIES
SDL ORDER INTERACTION**

NOTICE OF COMMISSION APPROVAL

On March 8, 2013, the Commission approved amendments to the Alpha Exchange Inc. Trading Policies to reflect changes proposed by Alpha Exchange Inc. (Alpha) to extend the functionality of IntraSpread™ to allow Members entering SDL orders to specify what type of liquidity they would like to trade against.

A notice of the proposed amendments and request for feedback was published in the Commission's Bulletin on January 24, 2013 at (2013) 36 OSCB 1189. The Commission received one comment letter in response to the notice. A summary of the comment received and Alpha's response is published at Appendix A to this notice.

Alpha implemented the amendments on April 22, 2013.

Alpha Exchange Inc.

SUMMARY OF COMMENTS AND RESPONSES TO REVISED TRADING POLICIES – SDL ORDER INTERACTION

Background

The Ontario Securities Commission (OSC) published on January 24, 2013, Alpha Exchange Inc. (Alpha)'s notice regarding the revised IntraSpread facility. Alpha added 3 new options as to how a clients order flow interacts with the markets.

Alpha Objectives

The objective of the changes to Trading Policies was allow Members entering SDL orders to specify what type of liquidity they would like to trade against: Dark and Lit, Dark Price Improvement Only, Dark Only

Comment Process

The OSC and Alpha received 1 comment letter: 1 from an industry association.

Alpha would like to thank the commenter for their submission. The summary that follows will summarize the key issues and Alpha's responses.

Summary of comments:

The commenter outlined that IntraSpread's design, prior to the change, introduced an unnecessary trade-off between the possibility of price improvement and information leakage that enabled a potential loss of liquidity. In addition, by giving participants the ability to opt out of the forced lit market interaction this will expand the community of potential Retail Client SDL sources of liquidity to include firms that had the same concerns.

Alpha Response:

No response was provided by Alpha.

Please contact Stacey Hoisak at stacey.hoisak@alpha-group.ca for any questions.