

### 13.2.2 Alpha ATS LP – Notice of Proposed Changes

#### ALPHA ATS LP NOTICE OF PROPOSED CHANGES

Alpha ATS LP has announced its plans to implement the changes described below in Q4 2010. 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 Randee Pavalow, Head of Operations and Legal, Alpha ATS LP: randee.pavalow@alphatradingsystems.ca, T: 647-259-0420

#### **Description of Proposed Changes and Reasons for Changes**

Alpha Self Trade Management is an optional designation that suppresses trades from the public feed where orders on both sides of the trade are from the same Subscriber and have been identified by the Subscriber. Self Trade Management applies only to unintentional self trading. Self-trades are not disseminated on the public trade messages and do not update the last sale price, daily volume, turnover or other trading statistics. The change was introduced to provide Subscribers with similar functionality available on competing marketplaces that is intended to address issues regarding potential wash trades.

#### **Expected Impact of the changes**

Subscribers will be able to enter orders with the assurance that if the order trades against another order of the same subscriber the trade will be suppressed from the public feed and will not cause any potential concerns created by the policy concerns regarding wash trades. Suppressing these trades from the public feed prevents the false or misleading appearance of trading activity or interest in the purchase or sale of the security in question.

#### **Consultations**

Alpha received requests for this order designation from its Subscribers. It also consulted with its User Committee.

#### **Current implementation of changes in the Canadian marketplace and any alternatives considered**

Similar designations are currently available in the Canadian capital markets. Some marketplaces allow firms to prevent two orders from same firm from trading against each other based on unique trading keys defined by the firm. Another marketplace offers a similar marker so that a trade that has occurred between proprietary accounts of the same firm is not publicly reported. The implementation of the Alpha Self Trade Designation was designed to address comments and requests made by its Subscribers. It was determined to be the best alternative for Alpha subscribers amongst all the options considered.