

**13.2 Marketplaces**

**13.2.1 SIGMA X Canada – Notice of Completion of Staff Review – Sigma X Canada Initial Operations Report**

**SIGMA X CANADA  
NOTICE OF COMPLETION OF STAFF REVIEW  
SIGMA X CANADA INITIAL OPERATIONS REPORT**

On March 18, 2011 Goldman Sachs Canada Inc. (GSCI) announced its plans to begin operating SIGMA X Canada as an Alternative Trading System (ATS). An Initial Operations Report was published for comment in accordance with OSC Staff Notice 21-703 – *Transparency of the Operations of Stock Exchanges and Alternative Trading Systems*. One comment letter was received from CNSX Markets Inc. A summary of that comment letter and a response prepared by GSCI is included at Appendix A to this notice.

OSC staff have completed their review of the Initial Operations Report and have no further comments. GSCI will publish a notice indicating the intended launch date of SIGMA X Canada.

**APPENDIX A  
SIGMA X CANADA  
SUMMARY OF COMMENTS AND RESPONSES  
INITIAL OPERATIONS REPORT**

**Summary of Comments Regarding Proposed ATS**

The CNSX letter expresses the general view of CNSX that certain aspects of some marketplaces' operations, both current and proposed, are not consistent with the views espoused by the CSA in Joint CSA/IIROC Position Paper 23-405 – Dark Liquidity in the Canadian Market (the Position Paper), on which the CNSX has previously provided comments. The CNSX believes it is imperative to establish changes to the current regulatory framework prior to accepting or denying proposals for the operation of new marketplaces, unless the proposed marketplace operation is designed to be fully consistent with the views expressed in the Position Paper.

**Minimum Price Increments**

The CNSX letter states that orders in SIGMA X Canada can match at prices that are not consistent with the minimum price increments required for orders entered into marketplaces. GSCI notes that all subscribers to SIGMA X Canada must submit orders at prices that comply with applicable minimum increment requirements imposed by IIROC or any other regulatory authority, including the requirements of UMIR. In order for the ATS to be able to provide price improvement (e.g., 10% of the NBBO spread for liquidity taking orders and 90% of the NBBO spread for liquidity providing orders), orders can match at sub-penny increments. This complies with Canadian minimum price increment requirements, as well as current price improvement obligations imposed on SIGMA X Canada.

**Minimum Order Size**

The CNSX letter refers to the recent proposed amendments to National Instrument 21-101 – Marketplace Operation (NI 21-101) and, in particular, the proposed requirement that orders meet a minimum size established by a regulation services provider in order to be exempt from the transparency requirements in NI 21-101. GSCI has not specified a minimum order size since none has been established by the CSA or any regulation services provider. SIGMA X Canada will comply with applicable regulatory requirements, including with respect to minimum order size, if any.