

In response to the Request for Comments; Regarding the Proposed Program for Market Makers on Alpha Exchange:

Thank you for the opportunity to comment on the Alpha Exchange proposals with regards to its Market Maker Program.

The Independent Trading Group (ITG) has been providing Market Making services to the Toronto Stock Exchange for over 20 years. With over 140 issues ranging from Canada's largest public companies to small Venture Exchange graduates, ITG is a key component of the TMX's Market Making Program. Of the over 20 firms engaged in Market Making on the TMX, ITG consistently ranks in the top 3 firms, often ranked number one based on criteria set out by the TMX.

We have chosen not to comment on the proposed structure of Alpha's Program. We feel Alpha's program will either succeed or fail based participant's willingness to engage in the program. Our concerns involve the actual participants themselves.

Based on Alpha's definition of Approved Trader, we feel this opens the door to Direct Market Access Persons and High Frequency Traders becoming Market Makers. We feel this is problematic.

Currently, to be a Market Maker on the TMX there are several qualifying criteria. Candidates for Market Makers need an experience component. A minimum of 2 years trading experience is required; one year of experience as a trader; a second year as an Approved Trader. There is an educational component required as well. At a minimum the Trader Training course must be successfully completed. There is a Capital component. A minimum of \$50,000.00 must be pledged by the Trader's sponsoring firm. All performance criteria is established and tracked by the TMX. But regulation is handled by IIROC. All Market Makers are Registered Traders and as such are easily monitored by both the sponsoring firm, the TMX and ultimately by IIROC. The UMIR rules are adhered to and enforced as the Trader is an employee of a Member.

Our concerns with Alpha's proposals are this:

If Alpha Market Makers are allowed to be "clients of sponsoring members", there appears to be no way to regulate these individuals. Expecting the Sponsoring Member to regulate these individuals is unsatisfactory. The Sponsoring Member will be unable to fulfill the role of Gatekeeper as these individuals will be indistinguishable from other clients of the Sponsoring Member. There will be an unlevel playing field as the Alpha Market Makers will not have to meet the qualifying threshold of experience, training, financial commitment and regulatory adherence that is required of TMX Market Makers.

At a time when markets are experiencing unprecedented levels of volatility, the role of the Market Maker has grown in importance.

Acting as a stabilizing force:

- the majority of a Market Makers trades are to be stabilizing
- providing liquidity
- assisting in the role of gatekeeper
- providing the Minimum Guaranteed Fill facility
- constantly maintaining Spread Goals

These are all necessary components of a healthy marketplace provided by qualified and regulated Market Makers.

We are unclear as to how Alpha will ensure these commitments if the Market Maker is not an Approved Person.

We applaud Alpha's desire to provide such a facility, but it must be implemented properly. Constant interaction with the investing public must be carried out by qualified and responsible individuals.

We appreciate the opportunity to provide comment. If we can be of further assistance please do not hesitate to contact us. Thank you,

The Independent Trading Group (ITG)