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By E-mail: marketregulation@osc.gov.on.ca

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd floor
Toronto, Ontario M5H 3S8
Cindy Petlock
Head of Legal, Regulatory and Compliance
Aequitas innovations Inc.
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Madam or Sir,

As the Founder and Chairman of the Spratt Group of Companies (Spratt) I am writing to express my concerns regarding the current Canadian capital markets environment and to encourage you to allow competition and innovation into our markets through the Aequitas Neo Exchange. I have been active in the Canadian capital markets for over 40 years, having participated as a broker, an investor and an issuer. I founded Spratt Securities brokerage firm in 1981 and over the years the Spratt businesses evolved into the leading alternative asset management firm publicly traded on the TSX. The team at Spratt has always been united by a common goal: delivering outstanding long-term returns to our clients and investors.

Our ability to meet this goal every day has been impacted by the relatively recent existence of high frequency trading, which has made our ability to deliver superior returns more costly and inefficient. Every day we lose value to high frequency traders who serve no purpose in my mind. Even more concerning, high frequency trading manipulation and front-running is absolutely devastating for normal investors. The biggest problem caused by high frequency trading is that their domination has led to the withdrawal of the regular investor. He knows he is not treated well in these markets.

The fact that the average holding period for a stock today is 11 seconds is shocking and appalling. This is not long-term investing. This is not a real investor. This is not a market. We don't have markets, we have manipulation. This is people taking advantage of the bona fide investor. The retail and institutional investors know it and they are leaving this obviously rigged market.

He knows it, and he's leaving this obviously rigged market.

I know in my gut that HFT is the death knell of markets... it's time for the industry to take it to heart.

Aequitas Innovations is offering the industry commercial solutions to take matters into our own hands. Solutions, if enabled effectively, which will see the average Canadian investor come back into markets.



Broadly speaking, there are three key areas where Aequitas should be given the regulatory seal of approval. Clean up trading; restore confidence within our publicly traded companies; and ignite capital raising.

To clean up the Canadian trading environment, Aequitas is planning to re-balance the market in favour of long-term investors by curbing predatory speed and technology based trading strategies. As a long-term investor, I am encouraged by a market that would protect me against predatory behaviour and prioritize my orders ahead of those who are simply buying and then selling securities faster than a blink of the eye. Protecting Aequitas' innovative trading books will help improve the quality of execution across the entire Canadian market and help restore the perception of fairness and confidence.

To restore confidence within our publicly traded companies, we must stop trading them within an algorithm guided by noise and start holding them for their value. As investors, we need to have a diverse and liquid selection of public companies to whom we provide needed capital. Aequitas has the opportunity to set issuers up for success with the support of a critical market maker that has all but disappeared from Canadian trading. Market makers play a vital role in tempering extreme volatility and supporting public listed companies, and they must be effectively incentivized to do so. True liquidity and diminished volatility will bring confidence back to our issuers and open doors for investment.

To ignite the capital raising process, we need to promote the companies who are ready to raise capital in the public markets and reduce their costs and burdens of doing business. Through competitive forces and innovative products, Aequitas plans to simplify the listing process and eliminate unnecessary and unpredictable discretion. This will allow management to focus on growing their business and building value for long-term investors like me.

I appreciate the OSC giving every market player the opportunity to call into action and share a viewpoint on how we take back control of our markets. I believe we do so aggressively by enabling the Aequitas forces that will work to counter the disgusting behaviour of certain HFT and their arms dealers, bring the ideas of fairness and confidence back to public companies and their investors, and open up new avenues for capital and economic growth.

A handwritten signature in black ink, appearing to read "E Spratt", written in a cursive style.

Eric Spratt, C.M., LLD., FCA
Chairman
Spratt Inc.