

**ROBERT G. PETERS**

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Ontario Securities Commission  
Market Regulation Branch  
20 Queen Street West, 22<sup>nd</sup> Floor  
Toronto, Ontario M5H 3S8

Via Email: [marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

**RE: OSC Notice and Request for Comments regarding the application of recognition of Aequitas Innovations Inc. and Aequitas Neo Exchange Inc. as an exchange**

To whom it may concern,

Over 40 years ago I founded Peters & Co. Limited, an independent investment firm specializing in investments in the Canadian oil and natural gas and oilfield services industries. I remained as chairman until 2002, when I decided to retire from my duties at Peters & Co. Limited and return to where I started: funding privately owned oil & gas companies that I know well and believe in. Today, I operate Black Diamond Land & Cattle Co. Limited, a private investment company with interests in real estate development, ranching and energy. I remain engaged in the public capital markets as an independent board director of GMP Capital Corp. In my professional capacity, I am writing in support of Aequitas Innovations and their efforts to build a new stock exchange, trading platform and private markets facility here in Canada.

I am providing my support to Aequitas because I believe it will tackle a number of key issues currently impacting the Canadian Capital Markets:

1. **Predatory High Frequency Trading:** I believe the innovative trading books proposed by Aequitas will minimize the impact of high frequency trading because they will leverage technology and innovative market structure designs to prioritize long-term investors. A more level playing field will provide a balanced market for all and is consistent with the basic principle of fair access, true fair access. Countering those predatory trading strategies that utilize speed and technology, will help to enhance market quality and fairness and restore investor and issuer confidence.

Furthermore, by eliminating the need for dealers to further escalate their technology spend, dealers can re-focus on providing value-added services to companies: sales, research and true market making. At Peters & Co, we built our business as the only guys in town willing to provide institutional coverage to the Canadian Oil & Gas industry. And we became partners in its success. Independent Dealers today need to be given back the time and money to focus

on championing Canada's traditional and growth industries, not forced to compete against machines with no chance of winning.

2. **Decline in Market Making:** True market making, not the so-called market making without obligations provided by HFT firms, has been on a rapid decline in Canada since the onset of high frequency trading. HFT firms are not the modern day market makers because they do not provide a liquidity safety net when markets need it and they don't provide support to less-liquid stocks. I am supportive of the Aequitas Designated Market Maker program because it will revive the role of the traditional market makers and enable them to provide reliable liquidity that drives price discovery and supports the needs of investors and companies. Market makers play critical roles to investors and issuers. The obligations and benefits proposed by Aequitas seem appropriate with regard to the role they play in tempering volatility and supporting real liquidity.
3. **Lack of Capital-raising platforms:** Many years ago, Canada offered a number of venues upon which companies could raise capital. I personally acted as Chairman of the Alberta Stock Exchange for a period of time. Since then, we have witnessed consolidation and monopolization into one single capital-raising facility in Canada. Competition is required to ensure the needs of issuers and investors are being met because today, they are not. That said, competition should not be more of the same. Rather, Aequitas should be granted the freedom to set new standards and build new business models, not forced to conform to what exists. True competition will allow Aequitas to build an exchange where investors, companies and dealers will feel confident participating.

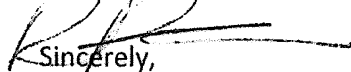
We also need to build alternatives to public capital raising. In Alberta, we are seeing more and more companies raise capital through private channels. Aequitas' private market proposal is a beacon of light for raising private capital. Companies will be given an alternative mechanism upon which to expand their projects, rather than forced to go public too early. The Oil & Gas industry has many examples of success driven by private investors. We are eager to see this model expand across Canada and offer opportunities to small and medium-sized companies across various sectors.

4. **Lack of a champion exchange:** Today, the incumbent stock exchange in Canada is solely focused on maximizing the value of its shares driven by its ownership structure. Issuers, investors and dealers, which should be at the core of everything the exchange does, have become second class citizens after the HFT firms. Other marketplaces in Canada are either HFT driven or not meaningful.

Market confidence is crucial to the continued economic success in Canada. Today, market participants are faced with complex challenges and are wavering with fear and distrust. Aequitas has a plan to restore trust in our markets and re-focus markets on meeting the needs of the real users – investors, companies and dealers. They have established a governance framework that will ensure it stays true to this audience in operation and throughout its own life cycle. I urge Aequitas to provide adequate representation to small investors and dealers who work for their

clients and will champion their clients. Regulators must make it easy for these players to participate in the Aequitas ownership model.

Thank you for considering my concerns.

A handwritten signature in black ink, appearing to be 'R. Peters', written over the word 'Sincerely,'.

Sincerely,  
Robert G. Peters