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September 14, 2018

Mark Faulkner (Mark.Faulkner@thecse.com)
Vice President, Listings and Regulation
CNSX Markets Inc.
220 Bay Street, 9th Floor
Toronto, ON, M5J 2W4

Re: Notice 2018-006
Significant Change Subject to Public Comment Amendments to Trading
System Functionality & Features Notice and Request for Comment

Dear Mr. Faulkner:

Virtu Financial Inc. (together with its affiliates, “Virtu” or “we”)¹ appreciates the opportunity to comment on the CNSX Markets, Inc.’s (“CSE” or the “Exchange”) Notice for Comment 2018-006 (the “Proposal”). We commend the CSE’s efforts to enhance its trading system in response to customer feedback by implementing new order types and supplementing existing order types as set forth in the Proposal. As set forth herein, Virtu is supportive of the Proposal and, more specifically, Virtu believes that the “Pegged Order – Max quantity” order type (the “Pegged Order”) is a welcome enhancement to the exchange.

Virtu believes the proposed Pegged Order provides a number of benefits which are available to all market participants. This order type promotes competition, provides greater flexibility and choice in managing order placement and execution outcomes, increases opportunities for price improvement, and enhances liquidity.

The Pegged Order type will benefit all investors by incentivizing on-exchange competition among passive liquidity providers of all types, including institutional investors using passive

¹ Virtu is a leading technology-enabled market maker and liquidity provider to the global financial markets. Virtu operates as a market maker across numerous exchanges in the U.S. and is a member of all U.S. registered stock exchanges. Virtu provides liquidity in more than 25,000 instruments on more than 235 venues and marketplaces and seeks to provide liquidity on instruments traded on transparent electronic markets globally. As such, it broadly supports innovation and enhancements to transparency, fairness and efficiency which enhance liquidity to the benefit of all marketplace participants.



agency algorithms, broker-dealers, and liquidity providers. We submit that this competition will result in tighter spreads and greater accessible size than currently available on the Exchange which benefits both liquidity providers and liquidity takers.

The Pegged Order provides investors with greater flexibility to tailor their order placement strategies to achieve the desired execution outcomes that are unique to the individual market participant. Last year's removal of hidden bypass markers from the public consolidated market display² (for non-intentional crosses) reduces any potential for information leakage that the Pegged Order may pose as those placing Pegged Orders will not be able to discern whether their non-displayed liquidity was bypassed due to Max Quantity settings or due to a bypass marker.

In conclusion Virtu supports approval of the Pegged Order type.

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Virtu appreciates this opportunity to comment on the Proposal. Please do not hesitate to contact me if you have any questions regarding any of the comments provided in this letter.

Sincerely yours,

Stephen J. Cavoli
Executive Vice President

cc: Market Regulation Branch (marketregulation@osc.gov.on.ca)
Ontario Securities Commission
20 Queen Street West, 20th Floor
Toronto, ON, M5H 3S8

² http://www.iiroc.ca/Documents/2017/18152f8e-718c-4e1c-bcef-e796d9070fd2_en.pdf