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ITG Canada ("ITG") would like to thank the Ontario Securities Commission ("OSC") for this opportunity to comment on the new exchange concept proposal from Aequitas Innovations ("Aequitas"). As you no doubt are aware, ITG has an investment in Aequitas. Our investment is based on a belief that it is preferable to have a marketplace solution to some of the market structure concerns posited by participants.

ITG's thoughts on this proposal, and on all market structure matters, are largely informed by our overall views on competitive markets and market structure, which are shared by many natural investors who take a longer term view on investing and trading. To that end we feel it is helpful to briefly outline those views before dissecting the specifics of the Aequitas proposal.

ITG and its clients firmly believe that markets should be fair, competitive, transparent and practical in order to attract the greatest possible participation of said natural investors. In order to achieve these objectives, ITG firmly believes that regulators should take sufficient steps to ensure a level playing field among the competing groups of investors, dealers and marketplaces. Should the systems, either through regulation or excessive barriers, prevent such competition, then the entire Capital markets of Canada risks undermining the full confidence of both providers and consumers of capital. Such an outcome would rob Canada of its potential to grow both internally and on the global stage, as we would be handicapped from competing for domestic issuers and international investors.

ITG is not alone to advocate for transparency of regulation, process and economics. However, ITG has been on the forefront to explain market structure because it is critical that all marketplace participants understand both how and why our markets work. Having said this, public transparency of investor intent can sometimes be detrimental to the investor. Consequently, Regulatory policy should in fact be aimed at ensuring investors have control over the manner in which their trading intention are made known to the public, affording them the ability to determine best the trade off between advertising for contra liquidity and managing potentially costly trading information leakage. To this effect, ITG has successfully developed several leading edge and highly valued tools, including Indications of Interest ("IOI"), various dark pools around the globe, including MATCHNow, and award winning algorithms and smart order routers.

Our practical and high quality approach to technology is mirrored by our thoughts on market structure, which are reflected in the concepts driving Aequitas. In concert with thinking, regulations should be practical in their consideration, application and enforcement. To do otherwise could discourage the natural participation that is the lifeblood of Capital Markets in Canada.

ITG feels Aequitas can offer solutions to reinvigorate Capital Markets in Canada, and so our investment and engagement are consistent with our corporate DNA. Naturally such truly innovative thinking can cause some participants and regulators to raise questions about how it fits within the current regulatory framework. Interestingly, it seems to have sparked a discussion about viability of some aspects of the current Order Protection Rule ("OPR") as noted in the questions submitted by the OSC. It is an auspicious start for an innovative marketplace to be an instantaneous positive catalyst.

However, while we welcome the specific questions asked by the OSC, we thought we would take the opportunity to contemplate the drivers behind ITG's involvement in, and the birth of, Aequitas. The Canadian equity trading landscape has flattened, post the Maple acquisition of TSX, Alpha, TSX Venture, CDS, CDCC and the ME, among other affiliates. The for-profit oligopoly controlled by the TMX group owns 99% of listings, 100% of clearing, 70% of fixed income trading, 100% of listed derivatives trading and 80% of listed equity trading. The resultant market appears less focused on improving overall effective market quality, and more motivated by enabling speed-driven intermediation. While efficiency is desirable, it must not sacrifice the entire capital market ethos. For example, the TMX has focused on increasing speeds between Frankfurt and Moscow, but has neglected to improve the Market On Close ("MOC") facility to allow portfolio managers to manage their real risks and cost through a Limit On Close ("LOC") facility, something available on the New York Stock Exchange ("NYSE"). Another example would be the forced adoption by budget-constrained dealers of the new TMX Quantum XA engine. Admittedly it is faster, but at the cost of dealers having to adopt systems and accept latency that was previously absorbed by the TSX. While we understand the commercial benefit of reducing TMX costs, and aiding intermediaries who trade frequently and pay an increasing amount of fees to the TMX, we wonder at the net benefit to Canadian Capital markets.

Whither Aequitas? The examples above give a sense of current market structure tensions. While efficiency and speed are hallmarks of progress, it has not always rewarded all participants. This causes ITG, and hopefully the OSC, to realize investor confidence can be eroded by the singularity of the current focus on speed alone. Consequently, ITG, and a number of buy and sell side firms, have taken these concerns beyond the realm of grousing, and joined together to formulate a viable alternative that would address real concerns articulated by real investors; such an alternative would deemphasize the role of potentially unnecessary and costly intermediation. ITG supports an initiative like Aequitas which has the potential to resurrect the strengths of Canadian Capital markets.

On the one hand, Aequitas may challenge the initial concepts of multiple marketplaces posited by regulators. On the other hand, perhaps even the regulators themselves have seen, in the fullness of time, how some unintended consequences might necessitate rule modification. The OSC request for comments, and its several questions, demonstrates a natural, and not unexpected, cautious approach to such an innovative concept. But underlingin the questions is a willingness by the OSC to engage and to reconsider, for the benefit of Capital Markets, current rules. Without further ado, let us address these questions:

Q1 – Should OPR apply to all visible markets and to all orders displayed on those markets, or are there circumstances where the application of OPR should be limited?

OPR was originally intended to ensure that investor orders residing in the various lit books were fairly treated. The goal was to reward and encourage investors to display their bona fide orders. However, with anonymous markers and lightning fast order entry and cancellation, there is a legitimate challenge to the base assumption that passive visible orders always deserve more protection than active liquidity seeking investor orders. Best execution obligations are strong enough to ensure investors and dealers will match with the vast majority of better priced lit liquidity, and is further bolstered by the extra liquidity option found in unfortunately-named dark pools. Investors should be afforded the option to avoid some lit markets or quotes, if they reasonably believe that trading with said orders would result in inferior overall execution. Interestingly, the European approach is to giving credence to the skills of professional traders so they can exercise their skills to minimize negative impact; this is borne out in the Markets in Financial Instruments Directive ("MiFID"). Such forward thinking also alters the dynamic between markets and dealers, reducing the ability of markets to treat dealers as captive consumers and forcing them to actively engage dealers to promote natural investor trading flow. Unfortunately this rule has become increasingly problematic today, since the passive flow is less made up by the dependable natural investor trading flow, and increasingly is represented by fleeting intermediary flow. ITG estimates through research that roughly 90% of passive orders now reside in the book for less than 1 minute, and a full 50% resides for less than a second; this is hardly the robust natural resting lit orders the regulators intended to protect. The unintended consequence is that today the protected passive book contains only a small amount of natural investor flow.

This problem is further compounded by an unfortunate policy decision to protect the full depth of book, contrary to what ITG suggested and to the USA's SEC policy, Regulation National Market Security ("RegNMS"). Consequently, the Canadian rules force participants with active flow to make a decision between access to hidden liquidity, and certainty of execution, when trying to execute at prices beyond the residing NBBO. Absent a high-speed electronic trading world with flickering quotes, ITG might support the notion of protecting at all costs all passive orders on lit markets. However, the current state of latency arbitrage strategies, driven by nano second deltas, has increased the opportunity cost of routing to the point that full depth protection exacts an unfair toll on active liquidity seeking investors.

With the troubled current state putting natural investors under latency siege, we believe that Aequitas should stand on its own merits. Many proposed markets have been approved with relative ease, despite not seeming to provide natural investors with meaningfully innovative offerings.

The discussion around OPR also arouses the imbalance decried by participants of market data fees and marketplace liability. As such, OPR is too complex an issue to compound the decision regarding OSC approval of a new and innovative marketplace like Aequitas. This leads to the answer to the next question.

Q2 – Should OPR apply to Hybrid? Should it continue to apply at least with respect to active non-SME orders that are not restricted from accessing the best-priced displayed orders on Hybrid?

No. Hybrid users are opting out of OPR, and Aequitas is not looking to be protected by the crutch of OPR. This is a very telling statement. Since the ATS rules went into effect, no OPR protected marketplace has shut down, but several non protected markets have. MATCHNow, owned by ITG, has survived this with innovative offerings and a compelling value proposition. The concept of offering consumers true choice, and not having captive consumers, is core to ITG's thinking. Simialrly, Aequitas is willing to have its hybrid book – a core piece of the entire Aequitas concept – thrive not based on subsidies, but based on its ability to convince natural investors and the marketplace of its value. The clients using Aequitas might be willing to forgo some regulatory protections in order to experience a superior quality fill and outcome, notwithstanding rebates and other short term enticements currently offered elsewhere.

There is no single greater argument for hybrid than the willingness of its builders and users to pay higher net fees, and forgo price protections in order to access better and more certain liquidity.

Q3 – If Hybrid is implemented as proposed, how should the best-priced displayed orders on Hybrid be treated for the purposes of consolidated display requirements, and why?

Let the users decide. Customers can voice their opinion to the data vendors who will then be able to differentiate their offering by building products that meet client demand. This is not a regulatory issue, nor should it become one.

Q4 – What should the appropriate reference price be for determining whether a dark order on any other market has provided minimum price improvement as required under the Dark Rules – the Away NBBO or the NBBO that includes a Hybrid best bid and/or Hybrid best offer? Does the answer to this question depend on whether or not OPR applies to Hybrid?

For purposes of mid points and price improvement the NBBO should be derived from all protected lit quotes. Hybrid should not form the protected lit quotes.

Q5 – How should fair access requirements be applied with respect to access to visible marketplaces?

Fair Access is a term worth considering carefully. The ongoing steroid usage in professional sports has caused some to question what is fair game in sports. If one has a trading machine moving at speeds at a multiple of what other traders trade at, is this fair access? Yet, this is the state of affairs today. So how does one normalize for such speed and quote information disparity? Aequitas seeks to rectify this imbalance. So yes, Fair Access should apply insomuch as Aequitas should be open to those whose machines can trade faster than the speed of light. In fact, Aequitas is open to these same traders becoming market makers on Aequitas, should they choose to also accept the liquidity obligations of a market maker. But Aequitas seeks to make the access to its market even more fair by not allowing supersonic speed trading to actively pick off orders posted by natural flow; and in fact these traders are welcome to post liquidity on Aequitas.

Historically the market has allowed for reasonable discrimination on both lit and dark venues, as long as the perceived value of the discrimination was deemed positive. We should be very reluctant to impose restrictions on markets that force them to accept predatory flow.

Q6 Should visible markets be fully accessible or, like dark pools, should access restrictions be permitted? Why? What are the criteria that should be used to determine if the differences in access are reasonable? What impact, if any, could restricting access to the best displayed price have on confidence and market integrity?

Visible markets have never been fully and completely accessible without some limitations, nor should they be. Consider the following examples:

For several years, up until late 2011, the TSX had an anti-scooping rule that prevented "Pro" traders from moving a quote in the final two minutes before the open. "Pro" was a tag created for other purpose, adopted by the TSX to prevent scooping behavior by Professionals traders who had an informational and speed advantage over other traders. The "anti-scooping" rule was designed to recognize and equalize the differing speeds of market access. These different access parameters were allowed to limit Pros because it was deemed that the overall impact to the market would likely be positive; note that this was theoretical and was never proven empirically. Curiously, there was no clear knowledge that all Pro orders were predatory just before the opening bell, nor were all proprietary style traders designated Pro. There is never a perfect solution. But we have already allowed for segmentation by use of a marker, with certain types of traders having their speed or information advantage muted, based purely on a reasonable belief that overall this handicap would improve our market.

ITG would argue that we have in fact allowed four types of segmentation in lit market: explicit, logistical, economic and regulatory. They are explained as such:

Explicit – similar to the scooping example above, there are numerous examples of trader types being disadvantaged from partaking in key liquidity:

- TSX doesn't allow odd lots in the Market On Close ("MOC") – resulting in small retail investors not being able to gain access to the guaranteed closing price available to larger investors.

- TSX fully hidden orders advantage orders with a minimum size. This again gives advantage to larger investors over smaller ones.

- Market makers on TSX can participate against non-recurring flow. By having participation only against flow not marked "BK" - which is almost entirely retail - the market maker has the ability, in lit, to participate versus retail flow while avoiding flow from institutional traders and traders who have a speed advantage.

- "Pro" clients can only participate after agency clients are satisfied on new and secondary issues. This despite the fact that the Pro marker is far from perfect, and many of those designated as 'pro' have far less information or experience than many participants that are not deemed as Pro.

Logistical - order types that present advantage but are focused at one set of participants. Order types like the notorious "Hide not Slide", which offers up access to top of book for rebate arbitrage players, but makes zero sense for retail and institutional

players who don't partake in rebate economics.

Economic –specialized pricing given to intermediaries, without any offsetting obligations. Giving an economic edge to one set of participants allows them to make trades that would be otherwise unprofitable, and thus access to liquidity that is unconsumable for other players with less advantageous pricing.

Regulatory - the order exposure rule prevents small passive retail orders from resting in dark pools that may well have first look at considerable flow.

Last year IIROC proposed a more focused anti-avoidance policy in attempts to tighten the newly enacted Dark Pool rules, however this was retracted once it was determined that this would simply result in Canadians gaining less access than Non-Canadians to liquidity on Canadian listed securities.

The common thread throughout the examples and types described above is that they were designed in order to preference one participant over another, recognizing that there was a handicap that needed to be applied in order to achieve the result of superior market quality. Arguably some marketplaces give preferential pricing to certain participants that others might deem to sometimes have predatory trading strategies, albeit within the strict letter of the law. Aequitas shall attempt to mitigate the negative effects of such strategies. There is certainly precedence in Canada to vary access by participant type, but still abiding by the overarching spirit of Fair Access.

Aequitas will be designed to add genuine innovation to the equity trading space by creating a matching system aimed at natural investors. Should; Aequitas be successful in reducing the impact of sub second latency improvements, and enhancing the liquidity opportunity for natural investors to interact without needless and costly intermediation, then Aequitas stands an excellent chance at improving overall market quality and reducing client trading costs.

Further, Aequitas' commitment to an advisory panel, comprised largely of institutional buy side participants, greatly increases the odds that Aequitas shall preserve its focus on serving the needs of the long term investor.

Most importantly, Aequitas represents a free market solution to the problems of the day. Robert J. Shiller writes of the need for such market-based innovations in his 2011 book, "***Finance and the Good Society***". Unlike a regulatory mandate, if end investors don't like the solution offered they are free to ignore it. But ot deny Canadian Capital Markets the opportunity to experience something new, positive and innovative would be a wasted opportunity.

Q7 Are the access restrictions proposed for Hybrid consistent with the application of the fair access requirements?

Absolutely. As just explained above, the market has routinely allowed for access restrictions that are aimed at improving overall market quality. Given the history of such restrictions, and the clear intent of Aequitas' structure we believe the question is not "*why should this novel market be allowed?*", but rather "*why would we thwart this attempt at healthy innovation?*" We should be celebrate making available to investors positive market place solutions, instead of maintaining the current regime of forcing all new lit marketplaces upon investors. Let the investors decide, with their order flow, whether the Hybrid book actually protects invest flow from predatory behavior, and provides investors with a sustainable positive value proposition.

Q8 Is the SME marker an appropriate proxy to identify the behaviours Aequitas seeks to restrict?

The SME marker seems to the best alternative currently available, without forcing dealers to make expensive modifications. We welcome any fresh suggestions from the regulators to help design a better, cost effective, means to allow for a successful outcome. Incidentally, it is interesting to note that during the Aequitas discussions there has elicited a wide breadth of interpretation, by some, around the SME marker and its correct use. The regulators might want to consider reminding participants of the purpose, definition and use of the SME marker. For instance, it should not be used by facilitation desks who may hold positions for multiple days or weeks. Further, the fact that even a minimal manual component in a strategy exempts such orders from SME status, seems to betray the purpose of the SME marker.

We would argue that potential current misuses of the SME marker, as suggested above, are no different from market places using the "Pro" marker to segment flow. Moreover, the definition of "retail" used to segment flow in Alpha's IntraSpread is far from perfect, and we suspect this is also potentially misused on a daily basis.

Q9 What, if any, is the impact on market quality and market integrity if market makers are provided matching priority (after broker preferencing)?

Market maker priority must be proportionately offset by true market maker obligations. Otherwise, participants will not place passive resting orders on that venue. Let market forces dictate the benefits and obligations of the market maker. If natural participants are unable to achieve passive spread capture on Aequitas, the invisible hand will cause them to port their passive orders elsewhere. This is the hallmark and strength of truly free market competition. The key to the fair access rules in Canada is the transparency of matching logic, which affords all participants the ability to determine where best to send their orders. This creates competitive pressure for all markets to ensure that their matching logic treats clients fairly, in order to attract this flow. By allowing a different matching logic, Aequitas can create new competitive forces which should lead to more positive choices with optimal solutions. The alternative is to continue to offer investors priority based largely on speed, thus further motivating the continued costly and inefficient arms race. Those participants with access to microwave networks and willing to sacrifice market quality for sub penny profits will continue to maintain their advantage of cost over natural investors.

Q10 In light of the details of Aequitas' proposed market maker program, is it reasonable to provide the benefit of priority to a market maker in the Dark and Hybrid books when the market maker's corresponding obligation is limited to the Lit book? If not, should there be market making obligations in Aequitas' Dark or Hybrid books?

Yes. The beauty of the system design is that market makers only gain priority advantage in the non protected markets. Therefore, any participant who is dissatisfied with the trade-off between market maker rights and obligations is free to avoid said markets. This ensures that Aequitas is properly motivated to achieve the right balance between rights and obligations, such that they can earn client flow and still attract quality market makers. Investors will have choice.

Aequitas will need to demonstrate to end users that the privileges afforded to market makers are not excessive, in order to win their flow.

Q11 Should market making benefits accrue with respect to obligations for market making in non-Aequitas listed securities? If so, why and if not, why not?

Yes. As stated above, by placing the market maker benefits in the non protected books Aequitas will create a free market system that will only be rewarded if natural investors subscribe to proposed market maker model with proportionate rights and obligations. This has a real chance of improving the state of market making on illiquid names, and should be considered for all listed securities, not just those listed by Aequitas.

Q12 Should DEA clients that are not subject to the direct regulatory authority of the securities regulatory authorities, IIROC and/or the exchange be permitted to act as market makers? Why or why not? How would the following facts affect your response: (i) the DEA client market maker must be sponsored by an IIROC member and (ii) the DEA client market maker must be a member of a self-regulatory organization such as FINRA or otherwise subject to appropriate regulatory oversight?

Sadly the last several years have seen a deep decline in the presence of qualified market makers in Canada. This is not for lack of talent North of the 49th parallel. Rather, some Canadian firms seem to have withdrawn their commitment to developing this talent with adequate resources. So despite Canada having excellent traders, market intelligence and market makers, the addition of non Canadian firms should make for a more competitive landscape of combined trading talent and critical resources. Ultimately, this should result in more meaningful obligations and liquidity to benefit Capital Markets. We appreciate the concerns around non IIROC regulated firms making markets, and the potential for regulatory arbitrage that may result. However, the current state of affairs already allows for this de facto market making, but without the benefits to the market of liquidity obligations in all stocks, large and small.

Q13 Will an un-level playing field be created between DEA client market makers and registered investment dealers that also seek to become market makers on Aequitas' proposed exchange? If so, what are the potential implications in terms of fairness or market integrity?

While we would much rather see all market makers play under the same set of rules, we are not confident this will result in the highest quality market makers applying for the postings. As noted above, the current system of non official market makers, who benefit from time based priorities without any obligations, are largely made up of DEA clients who are not IIROC registered. We do appreciate the concern that these clients, who already exist in the Canadian landscape, may be perceived to add to systemic risk. Having said this, we are open to suggestions from regulators or others if they have a superior solution to bring effective market makers into the competitive fold. Absent this, we believe the proposed market making system will be beneficial to Capital Markets, and so we would advocate that his not be an issue to unnecessarily prolong the approval process for Aequitas.

Q14 How might Hybrid impact the quality and integrity of the visible market as a whole?

While there might be more unanticipated results, but we foresee two possible outcomes: 1) Hybrid volumes are low to non-existent and there is no impact, or 2) Hybrid is deemed attractive to natural investors, and their chosen agents, thereby providing a truly positive choice which draws a critical mass of natural flow, vindicating the Hybrid model and compelling existing lit markets to compete more vigorously to recuperate this flow.

Perhaps this finally changes the existing lit marketplaces' view on pricing and specific intermediaries. It might even reinvigorate the market making model for Canadian firms and traders, reestablishing Canada as a destination for true liquidity at lower overall costs.

This is reminiscent of how new media has displaced and reinvigorated the ways of traditional media, affording clients better choice and more transparency around pricing and positive client outcomes. Consequently, rather than fearing the potential success of Hybrid, we should celebrate real innovation and true competitive forces that could reengineer the Canadian Capital Markets.

While Hybrid will be a non-protected market, whose success rests with how well it innovates and attracts natural investors, the price discovery mechanism will remain strong as nobody can trade through the quotes on lit marketplaces. The posited method of aggregating quotes should afford Aequitas the ability to mitigate the impact of predatory strategies such as "signal ignition arbitrage," while still providing natural investors with sufficient information to trade effectively and fairly. Ultimately, this should strengthen the price discovery mechanism.

Q15 Please comment on whether the potential benefits of Hybrid for the marketplace participants in Hybrid outweigh any potential risks to the market as a whole?

Aequitas will be designed to add meaningful improvement to Canadian Capital Markets. These improvement far outweigh any risks that his might discourage certain market participants who have recently enjoyed their speed advantage to the detriment of natural investors.

Q16 How should the principles of the current regulatory framework and any potential for changes to that framework impact the OSC's consideration of Hybrid? For example, should Hybrid go forward on a pilot basis and be re-evaluated based upon some criteria or threshold? What type of criteria or threshold might be appropriate to minimize potential negative impact?

In 1853 the commercial banks ushered in the innovation of simultaneous central net clearing among 53 UK banks. The previous model saw runners darting between banks with certificates and currencies. We must embrace positive change, and recognize that if such new methods are not adopted here, then we might lose a competitive advantage, for they will surely be tried elsewhere. The regulators acknowledge that sometimes rules enacted in previous years might need amending as the environment shifts. Without fluid and flexible thinking, ossified rules will only further put Canadian Capital Markets at a distinct global disadvantage.

A new paradigm might call for rules to be revisited, reconsidered and refreshed. We see examples of this in Privacy Rules designed prior to the Internet. Participants need to judge Hybrid based on the merits of what it adds to real investors today, not based solely on how it challenges existing regulations. The fact that Hybrid is optional, means competitive forces will dictate its success or failure to deliver a sustained value proposition to investors, without the need for regulatory intervention of OPR or benchmarks. Thus Hybrid should be allowed to go forward and be tested on its own merits alone.

Q17 Alternatively, should Hybrid be required to be modified to fit clearly within the established regulatory framework for either visible or dark liquidity? If so, How?

Following the response to the previous question, Hybrid should not be modified to meet OPR requirements. If it lies outside this framework it will succeed or fail, just as dark pools in Canada have either succeeded (MATCHNow) or failed (Sigma X Canada). Regulation should not be a crutch to the marketplace's success. In order to foster healthy competition in Canada, we need to provide incentives for truly innovative and positive market place driven solutions. Further, a massive problem in many areas in the Canadian business landscape is the lack of innovative competition that allows stakeholders to have true choice. Aspects of the financial, telecommunications and other industries are limited by foreign ownership and other restrictions which provide Canadians with limited and mostly duplicative choice. A truly innovative solution might finally force the other marketplaces to work on the behalf of natural investors, rather than trading firms with predatory strategies. Unfortunately, and while it was not intentional by regulators, the established regulatory framework has unwittingly created an ecosystem where markets can overcharge for market access and market data. Further, the established regulatory framework permits and incentivizes marketplaces to reward intermediation on already liquid stocks, resulting in a crowding out of the passive side of the quote. Hybrid only works if investors gain true efficiencies and choose to trade there. Regulation should instead focus on not subsidizing marketplaces that are only economically viable because they hold captive the natural investor to ultimately pay them for their own quote data. Aequitas promotes the classical capitalist model, which will thrive on its innovations and truly competitive offerings.

Q18 When will Aequitas's Hybrid marketplace be made available to the Canadian Capital Marketplace?

Admittedly this was not a question from the OSC, but rather one that many behind Aequitas have been hearing from the buy side community across Canada. The answer to that question lies in how responsive the investment community is to embracing choice, and how comfortable and quickly the regulators are in allowing investors to be afforded this choice.

To answer the theme of the questions posited by the OSC, ITG firmly believes that the solution proposed by Aequitas conforms to the spirit and letter of the rules and needs of the Canadian Capital Markets. More importantly, we believe the proposal is aimed at improving the marketplace landscape for natural investors, a goal we wholeheartedly endorse. By not relying on the crutch of OPR for its Hybrid marketplace, Aequitas is essentially giving the investors a referendum on its offerings. It will only succeed if end investors, and their chosen agents, realize actual value from the offering. These are exactly the types of innovations and proposals we should be championing.

The most encouraging part of the Aequitas proposal is the genuine request for input in the design stage of the market. Rather than forcing its data and connectivity fees upon resource-constrained dealers and investors, Aequitas offers choice. Further, in allowing both buy and sell side firms to have an active role in the design, we improve the odds of creating real value to benefit constituents at reduced implementation costs. We applaud this approach, as we would for others who solicit the input of all users prior to implementation.

Aequitas fosters innovative thinking, addressing marketplace concerns that have frustrated natural investors for several years. ITG understands the regulatory concerns, but also knows that the regulators have themselves admitted it might be time to refresh

the thinking around certain rule sets. Nobody wants to discourage true innovation and progress that would benefit and fortify the Canadian Capital Markets. We now live and trade in a world of electronic markets and electronic market makers. Canada has a long history on positive financial market innovation, a history that has allowed us to overcome larger competitors with nimble and pioneering thinking in both listings and trading. We are encouraged by this history that the OSC shall embrace these positive roots of revolutionary ideas, and acknowledge the possible benefits to be derived from the Aequitas proposal.

ITG is a client-focused firm that has established, since its inception over a quarter century ago, a remarkable history of building innovative markets. We have made strategic alliances with positive market forces, and have declined opportunities, including other marketplaces, which promised short term revenue potential, but in the long run might be detrimental to natural investors and Capital Markets. ITG embraced Aequitas because we believe that it is fully aligned with our core goal of helping natural investors to achieve improved market quality. Aequitas is designed to remove the sting from predatory strategies, and in the process Aequitas should also minimize needless trading friction and costs.

In sum, we strongly encourage the regulators to approve the Aequitas proposal, and to do so independent of the lengthy OPR review process. We further encourage the regulators to impress upon other markets the positive and collaborative approach employed by Aequitas. Perhaps this will encourage other marketplaces to adopt a similar approach in the future. Again, we thank the OSC for the opportunity to comment on this important initiative, and offer up our continued input throughout the process.

Respectfully yours,

Kuno Tucker, MA, LLM

Chief Compliance Officer

ITG Canada Corp.