



CANADIAN SECURITY TRADERS ASSOCIATION, INC.
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January 14, 2011

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Dear Sirs/Madam;

The Canadian Security Traders Association, Inc. (CSTA), is a professional trade organization that works to improve the ethics, business standards and working environment for members who are engaged in the buying, selling and trading of securities (mainly equities). The CSTA represents over 900 members nationwide, and is led by Governors from each of three distinct regions (Toronto, Montreal and Vancouver.) The organization was founded in 2000 to serve as a national voice for our affiliate organizations. The CSTA is also affiliated with the Security Traders Association (STA) in

the United States of America, which has 5,200 members globally, making it the largest organization of its kind in the world.

The intent of this letter is to respond to the Joint Canadian Securities Administrators/IIROC *“Position Paper 23-405: Dark Liquidity in the Canadian Market”*.

Respondent Metrics

The CSTA extended a survey to its constituency and received 139 completed responses from Traders; of those responses, 36 were Buy Side Traders and 103 were Sell Side Traders. In total 144 Traders participated in the survey (139 completed surveys). The split was between 40 Buy Side Traders (36 completed) and 111 Sell Side traders (103 completed surveys). There were also 18 members from Exchanges, 6 Vendors and 11 members indicated as *“Other”* (such as Consultants, Sell Side Sales persons, and Algo/DMA participants). Though the respondents’ geographic breakdown was predominantly from Toronto (and thus members of IETA), we also received 15 responses from Montreal (MIETA) and 13 responses from Vancouver (VSTA). Of the dealer members that responded, we were close to a 50/50 split between the Bank-Owned Dealers and Non-Bank Owned Dealers.

Overall, we were hoping for a larger sample size of respondents, but our survey was released over the December holiday and many members were unavailable for comment. Despite this fact, we believe that the survey has a large enough sample size to loosely represent the overall distribution of views within the CSTA membership.

Survey Construction

The survey was constructed with 15 questions. Some questions were dependent on the answers given in previous questions and as such were treated as a pair. In the event that we were not able to provide the full range of possibilities in response to a question, a free form field was available to allow for those possibilities to be discussed.

We have attached the results summarizing traders’ views on issues pertaining to the Position Paper. The results have been segregated by whether the respondent was a Buy Side Trader or a Sell Side Trader. There are two attachments to this letter: the first is a summary of the multiple choice responses and the second includes the free-form responses to the open-ended questions in the survey.

Analysis of Survey Results

We felt that the best approach to summarizing the survey results was to pool the questions into 3 categories – questions where consensus was reached across all respondent classifications, questions where consensus was reached within particular respondent classifications but differed

from other respondent types creating a distinct “divergence” of opinion and finally questions where there was no consensus inter or intra group.

Consensus Across all Respondent Groups

Question #7: Should visible orders have priority over Dark Orders at the same price?

The vast majority of Buy Side and Sell Side Traders believed that in general, Visible Orders should have priority over Dark Orders at the same price. A large subset of those also believed that this should hold true across ALL marketplaces. Although we acknowledge that Visible over Dark priority across ALL marketplaces would probably not be a viable logistical solution, the answer provided clearly expresses the vigor of overall opinion.

Question #8: Should two “Large” Dark Orders that match be exempt from any meaningful price improvement rule? (ie. Broker crosses are currently allowed to cross at the NBBO).

The majority of Buy Side and Sell Side Traders believed that “Large” Dark Order types should be exempt from the meaningful price improvement rule.

Question #12: Should Partially Hidden Orders be required to meet a minimum size limit? (ie. Iceberg orders).

The majority of Buy Side and Sell Side Traders believed that Partially Hidden Orders did NOT need to meet a minimum size requirement.

Question #14: Should the MOC (Market On Close) facility be exempted from any minimum size requirements (since the MOC facility is a Dark Order Facility by definition)?

The majority of Buy Side and Sell Side Traders believed that the MOC facility should be exempt from minimum size requirements.

Divergence in Consensus Between Respondent Groups

Question #5: Should Dark Orders be required to provide “meaningful” price improvement over the NBBO?

For this question, the answers are difficult to analyze. The Buy Side was split 50% vs 47% between “Yes” / “Yes with exceptions” and “No” / “No with Exceptions”. The Sell Side however had a 65% majority for “Yes” / “Yes with exceptions”. We find this response curious as trading at the touch would allow for dealers to internalize flow at better economics. This being said, we recognize that the answers provided are those of traders themselves and reflect not only the economics, but also the operational and overall opinion of the direction of market structure in Canada.

Question #15: The CSA/IIROC has stated the following in their Position Paper 23-405 (pg. 2): “We are of the view that, in order to facilitate the price discovery process, orders entered on a marketplace should generally be transparent to the public and subject to the pre-trade information transparency requirements as detailed in NI 21-101”. Do you agree with this statement?

73% of Sell Side Traders answered Yes/Yes with exceptions, while Buy Side Traders were split 50% vs. 42% between “Yes” / “Yes” with exceptions” and “No” / “No with Exceptions”. There were a number of free form entries to qualify the multiple choice answers to this section. While we’d hoped that the survey would represent Traders’ personal views on the discussed issues, there were 7 identical responses that could indicate that alternatively, firm views were being expressed. To ensure integrity of the survey, we allow only one answer from a particular IP address, thus the identical answers provided were from different input destinations.

Generally No Consensus Intra– or Inter– Group

An interesting observation

Question #6: If “YES” to meaningful price improvement (Q #5), what do you consider to be “meaningful” price improvement?

Question #9: If “YES” to allowing “Large” Dark Orders to cross on the NBBO in Q #8, what do you believe should be considered the size of a “Large” Order? (Share amount or \$ amount).

Question #11: If “YES” to minimum size limits for Dark Orders, what should the minimum size be?

Question #13: If “YES” to Partially Hidden Orders requiring minimum size limits, what should the minimum size limit be?

The four questions listed above polled the street for quantitative answers regarding size, for those that felt there should be an absolute quantitative limit on price improvement or Dark Order Type sizes. The responses to defining “meaningful” price improvement and thresholds for “minimum” Orders sizes were widely distributed between the choices provided and the free- form text answers.

Though the answers provided to us by CSTA members did not refute the quantitative suggestions provided in the Position Paper, we feel that a more in depth analysis needs to be done by CSA/IIROC in the determination of size and price bands.

The lone ranger

Question #10: Should Dark Orders be required to meet a minimum size limit? (ie. Any order directed to a Dark Pool or any Fully Hidden Order Type offered by an Exchange/ATS).

Outside of defining quantitative metrics around “minimum” sizes, there was a split in the constituency as to whether or not Dark Orders were to meet a minimum size requirement at all. Buy Side Traders were split 50% “Yes” / “Yes” with exceptions” and 50% “No” / “No with Exceptions”, while Sell Side Traders were split 53% “Yes” / “Yes” with exceptions” and 42% “No” / “No with Exceptions” (the balance of respondents on the Sell Side answered “I don’t know”).

Conclusion

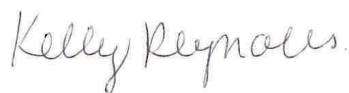
After considering the responses of a sample set of CSTA constituents on the matters surrounding Dark Liquidity in Canada, the following are the areas which can be declared as the opinion of the majority:

1. Visible Orders should have priority of Dark Orders;
2. “Large” Dark Orders should be able to trade without any price improvement to the NBBO;
3. Partially Hidden Orders should not be required to have a minimum trade size;
4. The MOC facility should be exempted from any possible minimum size requirements.

Although there are many questions which do not allow us to state a firm position, we encourage you to read the free-form responses as a source of additional input.

We hope that the enclosed survey helps shed some light on the perspective of Canadian Traders regarding issues pertaining to Dark Liquidity in Canada. If you have any questions regarding our survey, do not hesitate to ask. We would also welcome any feedback on the survey format and/or questions to be able to improve our methodology. We remain at your disposal if you wish to schedule a meeting to discuss any ongoing market structure issues.

Respectfully,



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Securities Commissions

- c.c. - Alberta Securities Commission
- British Columbia Securities Commission
- Manitoba Securities Commission
- New Brunswick Securities
- Ontario Securities Commission
- Securities Commission of Newfoundland and Labrador
- Registrar of Securities Department of Justice, Government of the Northwest Territories
- Nova Scotia Securities Commission
- Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut
- Prince Edward Island Securities Office
- Saskatchewan Financial Services Commission
- Registrar of Securities, Government of Yukon
- Autorité des marchés financiers (AMF)

CSTA Trading Issues Survey – Dark Liquidity in Canada December 2011



1. Which CSTA Affiliate are you currently a member of:

	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Institutional Equity Traders Association (of Toronto) (IETA)	70.0% (28)	82.9% (92)	79.5% (120)
Montreal Institutional Equity Traders Association (MIETA)	10.0% (4)	9.0% (10)	9.3% (14)
Vancouver Security Traders Association (VSTA)	15.0% (6)	4.5% (5)	7.3% (11)
I am NOT a CSTA member (please specify)	2 replies (5.0%)	4 replies (3.6%)	4.0% (6)
answered question	40	111	151
skipped question			0

2. Please choose the option below that best describes your area of work:			
	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Buy Side Trader	100.0% (40)	0.0% (0)	26.5% (40)
Sell Side Trader	0.0% (0)	100.0% (111)	73.5% (111)
Exchange / ATS	0.0% (0)	0.0% (0)	0.0% (0)
Vendor	0.0% (0)	0.0% (0)	0.0% (0)
Other (please specify)	0 replies (0.0%)	0 replies (0.0%)	0.0% (0)
answered question	40	111	151
skipped question			0

3. What type of institution do you work for:			
	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Bank-Owned Dealer	0.0% (0)	41.4% (46)	41.4% (46)
Non-Bank Owned Dealer	0.0% (0)	55.0% (61)	55.0% (61)
Other (please specify)	0 replies (0.0%)	4 replies (3.6%)	3.6% (4)
answered question	0	111	111
skipped question			40

4. Which is your primary area of focus:			
	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Equities	100.0% (40)	100.0% (111)	100.0% (151)
Derivative Products (options, futures,...)	0.0% (0)	0.9% (1)	0.7% (1)
Fixed Income	0.0% (0)	0.0% (0)	0.0% (0)
Currencies	0.0% (0)	0.0% (0)	0.0% (0)
Commodities	0.0% (0)	0.0% (0)	0.0% (0)
Other (please specify)	0 replies (0.0%)	0 replies (0.0%)	0.0% (0)
answered question	40	111	151
skipped question			0

5. Should Dark Orders be required to provide "meaningful" price improvement over the NBBO (National Best Bid and Offer)?			
	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Yes	35.0% (14)	40.5% (45)	39.1% (59)
Yes (with exceptions)	15.0% (6)	25.2% (28)	22.5% (34)
No	42.5% (17)	29.7% (33)	33.1% (50)
No (with exceptions)	5.0% (2)	1.8% (2)	2.6% (4)
I don't know	2.5% (1)	2.7% (3)	2.6% (4)
Comments and/or exceptions	4 replies	19 replies	23
answered question	40	111	151
skipped question			0

6. If "YES" to the previous question, what do you consider to be "meaningful" price improvement"?

	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
0.0001 Over Best Bid/Under Best Offer	0.0% (0)	0.9% (1)	0.7% (1)
0.001 Over Best Bid/Under Best Offer	0.0% (0)	8.1% (9)	6.0% (9)
1/2 Cent Over Best Bid/Under Best Offer	12.5% (5)	21.6% (24)	19.2% (29)
Mid-Quote	20.0% (8)	11.7% (13)	13.9% (21)
1 Full Tick Over Best Bid/Under Best Offer, 1/2 Cent if spread 1 Cent	17.5% (7)	24.3% (27)	22.5% (34)
I answered "NO" to the previous question	47.5% (19)	27.0% (30)	32.5% (49)
I answered "I don't know" to the previous question	2.5% (1)	3.6% (4)	3.3% (5)
Other (please specify)	0 replies (0.0%)	3 replies (2.7%)	2.0% (3)
answered question	40	111	151
skipped question			0

7. Should Visible Orders have priority over Dark Orders at the same price?			
	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Yes, on the SAME marketplace	13.9% (5)	31.2% (34)	26.9% (39)
Yes, on ALL marketplaces	41.7% (15)	56.9% (62)	53.1% (77)
Yes (with exceptions)	11.1% (4)	2.8% (3)	4.8% (7)
No	27.8% (10)	8.3% (9)	13.1% (19)
No (with exceptions)	2.8% (1)	0.0% (0)	0.7% (1)
I don't know	2.8% (1)	0.9% (1)	1.4% (2)
Comments and/or exceptions	4 replies	3 replies	7
answered question	36	109	145
skipped question			6

8. Should two "Large" Dark Orders that match be exempt from any meaningful price improvement rule? (such as Broker Crosses are currently allowed to trade at the NBBO)

	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Yes	66.7% (24)	58.7% (64)	60.7% (88)
Yes (with exceptions)	5.6% (2)	4.6% (5)	4.8% (7)
No	19.4% (7)	27.5% (30)	25.5% (37)
No (with exceptions)	2.8% (1)	2.8% (3)	2.8% (4)
I don't know	5.6% (2)	6.4% (7)	6.2% (9)
Comments and/or exceptions	1 reply	3 replies	4
answered question	36	109	145
skipped question			6

**9. If "YES" to the previous question, what do you believe should be considered the size of a "Large" order?
(Choose either one share amount, one \$ amount or one of each)**

	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
1 000+ shares	2.8% (1)	5.5% (6)	4.8% (7)
5 000+ shares	8.3% (3)	14.7% (16)	13.1% (19)
10 000+ shares	11.1% (4)	14.7% (16)	13.8% (20)
20 000+ shares	16.7% (6)	4.6% (5)	7.6% (11)
\$10 000+	2.8% (1)	0.9% (1)	1.4% (2)
\$20 000+	0.0% (0)	0.9% (1)	0.7% (1)
\$50 000+	2.8% (1)	6.4% (7)	5.5% (8)
\$100 000+	11.1% (4)	11.0% (12)	11.0% (16)
\$250 000+	11.1% (4)	7.3% (8)	8.3% (12)
I answered "NO" to the previous question	25.0% (9)	28.4% (31)	27.6% (40)
I answered "I don't know" to the previous question	5.6% (2)	2.8% (3)	3.4% (5)
Other (please specify)	5 replies (13.9%)	11 replies (10.1%)	11.0% (16)
answered question	36	109	145
skipped question			6

10. Should Dark Orders be required to meet a minimum size limit? (I.e. Any order directed to a Dark Pool or any Fully Hidden Order Type offered by an exchange/ATS)

	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Yes	44.4% (16)	47.2% (50)	46.5% (66)
Yes (with exceptions)	5.6% (2)	5.7% (6)	5.6% (8)
No	44.4% (16)	40.6% (43)	41.5% (59)
No (with exceptions)	5.6% (2)	1.9% (2)	2.8% (4)
I don't know	0.0% (0)	4.7% (5)	3.5% (5)
Comments and/or exceptions	5 replies	9 replies	14
answered question	36	106	142
skipped question			9

11. If "YES" to the previous question, what do you believe should be the minimum size limit? (Choose either one share amount, one \$ amount or one of each)

	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
1 000+ shares	5.6% (2)	12.3% (13)	10.6% (15)
5 000+ shares	11.1% (4)	13.2% (14)	12.7% (18)
10 000+ shares	16.7% (6)	11.3% (12)	12.7% (18)
20 000+ shares	2.8% (1)	3.8% (4)	3.5% (5)
\$10 000+	2.8% (1)	0.0% (0)	0.7% (1)
\$20 000+	2.8% (1)	1.9% (2)	2.1% (3)
\$50 000+	0.0% (0)	3.8% (4)	2.8% (4)
\$100 000+	2.8% (1)	4.7% (5)	4.2% (6)
\$250 000+	5.6% (2)	2.8% (3)	3.5% (5)
I answered "NO" to the previous question	47.2% (17)	40.6% (43)	42.3% (60)
I answered "I don't know" to the previous question	0.0% (0)	3.8% (4)	2.8% (4)
Other (please specify)	3 replies (8.3%)	4 replies (3.8%)	4.9% (7)
answered question	36	106	142
skipped question			9

12. Should Partially Hidden Orders be required to meet a minimum size limit? (le. Iceberg orders)			
	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Yes	27.8% (10)	37.5% (39)	35.0% (49)
Yes (with exceptions)	2.8% (1)	4.8% (5)	4.3% (6)
No	66.7% (24)	56.7% (59)	59.3% (83)
No (with exceptions)	2.8% (1)	0.0% (0)	0.7% (1)
I don't know	0.0% (0)	1.0% (1)	0.7% (1)
Comments and/or exceptions	0 replies	2 replies	2
answered question	36	104	140
skipped question			11

13. If "YES" to the previous question, what do you believe should be the minimum size limit? (Choose either one share amount, one \$ amount or one of each)

	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
1 000+ shares	13.9% (5)	20.2% (21)	18.6% (26)
5 000+ shares	0.0% (0)	6.7% (7)	5.0% (7)
10 000+ shares	8.3% (3)	6.7% (7)	7.1% (10)
20 000+ shares	0.0% (0)	1.0% (1)	0.7% (1)
\$10 000+	2.8% (1)	0.0% (0)	0.7% (1)
\$20 000+	0.0% (0)	0.0% (0)	0.0% (0)
\$50 000+	0.0% (0)	0.0% (0)	0.0% (0)
\$100 000+	0.0% (0)	2.9% (3)	2.1% (3)
\$250 000+	2.8% (1)	1.0% (1)	1.4% (2)
I answered "NO" to the previous question	69.4% (25)	55.8% (58)	59.3% (83)
I answered "I don't know" to the previous question	0.0% (0)	1.0% (1)	0.7% (1)
Other (please specify)	2 replies (5.6%)	6 replies (5.8%)	5.7% (8)
answered question	36	104	140
skipped question			11

14. Should the MOC (Market on Close) facility be exempted from any minimum size limits (since the MOC is a Dark Order Facility by definition)?

	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Yes	66.7% (24)	66.0% (68)	66.2% (92)
Yes (with exceptions)	0.0% (0)	1.9% (2)	1.4% (2)
No	30.6% (11)	25.2% (26)	26.6% (37)
No (with exceptions)	0.0% (0)	1.9% (2)	1.4% (2)
I don't know	2.8% (1)	3.9% (4)	3.6% (5)
What is the MOC?	0.0% (0)	1.0% (1)	0.7% (1)
Comments and/or exceptions	2 replies	4 replies	6
answered question	36	103	139
skipped question			12

15. The CSA/IIROC has stated the following in their Position Paper 23-405 (pg. 2): “We are of the view that, in order to facilitate the price discovery process, orders entered on a marketplace should generally be transparent to the public and subject to the pre-trade information transparency requirements as detailed in NI 21-101”. Do you agree with this statement?

	Please choose the option below that best describes your area of work:		
	Buy Side Trader	Sell Side Trader	Response Totals
Yes	38.9% (14)	47.6% (49)	45.3% (63)
Yes (with exceptions)	11.1% (4)	25.2% (26)	21.6% (30)
No	36.1% (13)	18.4% (19)	23.0% (32)
No (with exceptions)	5.6% (2)	3.9% (4)	4.3% (6)
I don't know	8.3% (3)	4.9% (5)	5.8% (8)
Comments and/or exceptions	4 replies	19 replies	23
answered question	36	103	139
skipped question			12

1. Which CSTA Affiliate are you currently a member of:

	Buy Side Trader	Sell Side Trader	I am NOT a CSTA member (please specify)	
1		X	STA member	Dec 15, 2010
2	X		US-loc	Dec 15, 2010
3	X		BIMA member	Dec 15, 2010
4		X	US BD	Dec 30, 2010
5		X	US Broker-Dealer	Dec 30, 2010
6		X	sta	Dec 31, 2010

3. What type of institution do you work for?

	Buy Side Trader	Sell Side Trader	Other (please specify)	
1		X	bank sub	Dec 20, 2010
2		X	Global Dealer	Dec 20, 2010
3		X	International	Dec 22, 2010
4		X	NON-Canadian Bank Owned Dealer	Jan 4, 2011

5. Should Dark Orders be required to provide "meaningful" price improvement over the NBBO (National Best Bid and Offer)?

	Buy Side Trader	Sell Side Trader	Comments and/or exceptions	
1		X	in my opinion price improvment is required to encourage price discovery in the lit market	Dec 14, 2010
2		X	there shouldnt be any dark orders, what happens to transparency? you can not promote transparency on one hand and hide it with the other hand	Dec 14, 2010
3	X		unless either side is willing to trade outside the NBBO	Dec 14, 2010
4		X	Exception would be over size thresholds, building blocks or residuals.	Dec 14, 2010
5	X		It's a 2 part problem. Proliferation of HFT's have driven up the dealers costs. Dark Pools/Orders are a way to combat this similar to the US model. If there is no remedy for escalating costs than their needs to be a remedy for the impact of HFT's.	Dec 15, 2010
6	X		Minimum size at the NBBO for both sides	Dec 15, 2010
7		X	Large block trading at the NBBO is acceptable (because it's an on-exchange version of the upstairs market in many ways), but at-the-touch dark trading for retail order flow has the potential to reduce the amount of natural order flow in the lit markets, which reduces their quality for resting orders. In the US, lit markets are "toxic" and we need to avoid a similar outcome for Canada.	Dec 18, 2010
8		X	whats meaningful	Dec 20, 2010
9		X	large orders should permitted to trade at NBBO	Dec 20, 2010
10		X	large orders should be permitted to trade at the NBBO	Dec 20, 2010
11		X	large orders should permitted to trade at NBBO	Dec 20, 2010
12		X	Large orders should be permitted to trade at the NBBO	Dec 20, 2010
13		X	large orders should be permitted to trade at NBBO	Dec 20, 2010
14		X	large orders should be allowed to trade at nbbo	Dec 20, 2010
15		X	Large trades should be allowed to trade at the touch (at the NBBO)	Dec 22, 2010
16		X	I would allow larger orders to be matched at the NBBO similar to the upstairs market	Dec 23, 2010
17		X	Meaningful should not denmand full penny price improvement; the market has changed a tenths/hundreths of a penny are relevant in many cases.	Dec 24, 2010
18		X	real dark pool trades of 10k shares and over are ok.	Dec 28, 2010
19		X	ability to meet and match on the bid/offer should be allowed ...producing annonymity so arguably price improvement over the trade	Dec 29, 2010
20		X	"Meaningful" needs to be better defined. I believe decimalization is meaningful enough.	Dec 29, 2010
21		X	large orders should permitted to trade at NBBO	Dec 30, 2010
22	X		Exception is if 2 dark orders meet the minimum size threshold as proposed in the paper.	Jan 3, 2011
23		X	Upstairs block crosses should not be required to price improve vs. the NBBO.	Jan 4, 2011

6. If "YES" to the previous question, what do you consider to be "meaningful" price improvement?"

	Buy Side Trader	Sell Side Trader	Other (please specify)
1		X	i don't think the regulators should set the price improvement Dec 14, 2010 and let the markets and investors chose.... if u want to give less than midquote you must realize that you are than provided a larger foot print because tape readers now know which side of the trade was the liquidity provider
2		X	20% of the spread Dec 21, 2010
3		X	n/a Jan 4, 2011

7. Should Visible Orders have priority over Dark Orders at the same price?

	Buy Side Trader	Sell Side Trader	Comments and/or exceptions	
1		X	On the SAME marketplace and below size threshold.	Dec 14, 2010
2	X		By being "dark", one has made a decision to hide their order and someone should be "rewarded" by being visible...this would be via priority	Dec 15, 2010
3	X		See prev comments	Dec 15, 2010
4	X		Visible of small size should not interact with dark resting order in small size unless flagged as such by trader entering the dark order.	Dec 15, 2010
5		X	size is an exception 10k shs	Dec 28, 2010
6	X		Exception is for 2 Dark orders meeting the minimum size threshold as proposed in the paper	Jan 3, 2011
7		X	at the same market complex - alpha and interspread - or tsx and select should be considered one market or this rule will be useless	Jan 4, 2011

8. Should two "Large" Dark Orders that match be exempt from any meaningful price improvement rule? (such as Broker Crosses are currently allowed to trade at the NBBO)

	Buy Side Trader	Sell Side Trader	Comments and/or exceptions	
1		X	upstairs crosses should be able to cross with out price improvement	Dec 14, 2010
2	X		Crossing at the mid-quote of NBBO in a dark venue should be enough to satisfy price improvement requirements.	Dec 15, 2010
3		X	"large" needs to be, in fact, large, and perhaps on a sliding scale based on stock price point and liquidity.	Dec 18, 2010
4		X	I don't think there should be a requirement for "meaningful" price improvement for a dark order	Dec 22, 2010

9. If "YES" to the previous question, what do you believe should be considered the size of a "Large" order? (Choose either one share amount, one \$ amount or one of each)

	Buy Side Trader	Sell Side Trader	Other (please specify)	
1	X		Some multiple (say 50) of board lot.	Dec 14, 2010
2		X	no size requirement needed.	Dec 15, 2010
3	X		Size should be specific to capitalization of the security and defined as such. 5k in a micro stock could be "large", where 5k in a hi-volume stock is needless noise. Thresholds should be based upon that criteria.	Dec 15, 2010
4	X		Depends on the stock, whether liquid or illiquid, one size does not fit all	Dec 17, 2010
5		X	It depends on size. 5000 BBD.B is not large, but 5000 FFH is. The UMIR 50 standard trading unit notion is definitely not large enough IMO.	Dec 18, 2010
6		X	this is consistent with order exposure rules in UMIR	Dec 20, 2010
7		X	this is consistent with order exposure rules in UMIR	Dec 20, 2010
8		X	this is consistent with the order exposure rules in UMIR	Dec 20, 2010
9	X		\$3,000,000	Dec 20, 2010
10		X	ie - matches UMIR's order exposure rule	Dec 22, 2010
11	X		Liquidity based. Meaningful liquidity improvement - I leave that undefined for now...	Dec 22, 2010
12		X	Depending on the value of the trade. 10,000 shares for > \$5 stock 25,000 >1 <5 50,000 <1	Dec 29, 2010
13		X	a function of ADV. 5% and above	Dec 31, 2010
14		X	I think all orders should be excluded from price improvement if marketable	Jan 4, 2011
15		X	no size minimum for any fully hidden orders....	Jan 4, 2011
16		X	All dark orders, not just large dark orders should be allowed to cross w/o price improvement.	Jan 4, 2011

10. Should Dark Orders be required to meet a minimum size limit? (Ie. Any order directed to a Dark Pool or any Fully Hidden Order Type offered by an exchange/ATS)

	Buy Side Trader	Sell Side Trader	Comments and/or exceptions	
1		X	Depends on price of stock and ADV.	Dec 14, 2010
2	X		Size should be specific to capitalization of the security and defined as such. 5k in a micro stock could be "large", where 5k in a hi-volume stock is needless noise. Thresholds should be based upon that criteria.	Dec 15, 2010
3	X		see prev comments	Dec 15, 2010
4	X		It all depends on how dark resting orders interact with active lit order types.	Dec 15, 2010
5	X		This is arbitrary, unnecessary, redundant and draconian.	Dec 17, 2010
6		X	Complex topic, because entering a "big enough" order and then reducing its quantity could be a loophole. The rules need to be structured such that dark liquidity favours natural participants looking to invest.	Dec 18, 2010
7	X		i would like to see a user defined minimum size parameter on dark orders so that we can elect a minimum size if required	Dec 20, 2010
8		X	small dark orders should be allowed.	Dec 21, 2010
9		X	boardlots or 1000 shares	Dec 29, 2010
10		X	You can not categorize dark pool orders and Hidden limit orders as the same thing.	Dec 30, 2010
11		X	handcuffing me from acheiving best execution makes no sense...let the traders decide what is best for their clients order...if too many orders go dark figure out what the lit markets are doing to push orders away.	Jan 4, 2011
12		X	Dark orders should not be allowed...	Jan 4, 2011
13		X	USers should be able to specify minimum quantities that they want to interact with.	Jan 4, 2011
14		X	unless they want to match at NBBO	Jan 4, 2011

11. If "YES" to the previous question, what do you believe should be the minimum size limit? (Choose either one share amount, one \$ amount or one of each)

	Buy Side Trader	Sell Side Trader	Other (please specify)	
1	X		Some multiple (say 50) of board lot.	Dec 14, 2010
2		X	1000 share max. Less for low ADV stocks (such as 500 shares)	Dec 14, 2010
3	X		Size should be specific to capitalization of the security and defined as such. 5k in a micro stock could be "large", where 5k in a hi-volume stock is needless noise. Thresholds should be based upon that criteria.	Dec 15, 2010
4		X	Should be a sliding scale, connected with minimum price improvement scale. The key is that it should be risky to put in orders simply for the purpose of sniffing out liquidity, and with no investment objective at all.	Dec 18, 2010
5	X		Size of current bid or offer?????	Dec 22, 2010
6		X	You can not categorize dark pool orders and Hidden limit orders as the same thing.	Dec 30, 2010
7		X	n/a	Jan 4, 2011

12. Should Partially Hidden Orders be required to meet a minimum size limit? (le. Iceberg orders)

	Buy Side Trader	Sell Side Trader	Comments and/or exceptions	
1		X	board lot	Dec 20, 2010
2		X	At least one board lot.	Jan 4, 2011

13. If "YES" to the previous question, what do you believe should be the minimum size limit? (Choose either one share amount, one \$ amount or one of each)

	Buy Side Trader	Sell Side Trader	Other (please specify)	
1	X		500+ shares	Dec 14, 2010
2		X	you're already at 500	Dec 15, 2010
3	X		Liquididty based.	Dec 22, 2010
4		X	Dark orders should be exempt from this requirement. Minimum size requirements and pre-trade transparency will lead to many orders not being exposed to the market at all. More order flow will move to the upstairs market leading to poorer price discovery. Dark orders and markets provide for a more stable market and deeper available liquidity.	Dec 23, 2010
5		X	Same as the minium iceberg requirements imposed by the TSX.	Dec 31, 2010
6		X	At least one board lot.	Jan 4, 2011
7		X	500	Jan 4, 2011
8		X	n/a	Jan 4, 2011

14. Should the MOC (Market on Close) facility be exempted from any minimum size limits (since the MOC is a Dark Order Facility by definition)?

	Buy Side Trader	Sell Side Trader	Comments and/or exceptions	
1	X		odd lots should be allowed	Dec 14, 2010
2	X		Given that in a dark pool, the price would be automatically set to mid-quote of NBBO and the MOC facility pricing is done in a more visible manner, there should not be minimums as supply and demand will dictate price range.	Dec 15, 2010
3		X	MOC is not a dark pool in the sense being discussed in the CSA paper.	Dec 18, 2010
4		X	No size limits should apply to any dark pool	Dec 22, 2010
5		X	MOC orders are currently board lots... it SHOULD allow odd lots.	Dec 31, 2010
6		X	but there should be no minimum size in the first place.	Jan 4, 2011

15. The CSA/IIROC has stated the following in their Position Paper 23-405 (pg. 2): "We are of the view that, in order to facilitate the price discovery process, orders entered on a marketplace should generally be transparent to the public and subject to the pre-trade information transparency requirements as detailed in NI 21-101". Do you agree with this statement?

	Buy Side Trader	Sell Side Trader	Comments and/or exceptions	
1		X	as long as you still agree that dark marketplaces should exist	Dec 14, 2010
2		X	please translate to english. thanks	Dec 14, 2010
3	X		Dark liquidity should remains "dark"...	Dec 14, 2010
4		X	Generally speaking, but Dark Pools serve a purpose to other objectives such as price improvement and limited market impact on large orders. Statement is far too general.	Dec 14, 2010
5		X	i think we really need to move towards the US markets in how you have the ability to sweep displayed orders and then cross at a specific price. That way, it forces more displayed bids/offers thereby giving us a truer market price.	Dec 14, 2010
6	X		IF REGULATORS WANT TO FORCE INVESTORS INTO VISIBLE MARKETS THEN THEY SHOULD PROVIDE VISIBLE MARKETS THAT ARE FREE FROM HFT'S, NON INVESTORS AND KNOWN SPECULATORS WHO DRIVE UP THE COSTS OF EXECUTION FOR INVESTORS.	Dec 14, 2010
7	X		If dark pools are authorized and used, transparency is not present. Dark pools add value to the market in sourcing liquidity, especially in the institutional space. What needs to be discussed is not broad-stroking "dark orders" as those entered in both a firm's internalization engine and a true dark pool whose business model is to trade large blocks. The 2 models should be looked at/reviewed separately in discussions and dealt with separately in any forthcoming regulation.	Dec 15, 2010
8	X		Dark order types	Dec 15, 2010
9		X	The transparency requirement is inversely proportional to size. I think institutional investors concerned about information leakage need to be protected, and given useful tools to that end. But in general, if we go down the path of too much dark pool activity for natural orders I believe our lit markets will become toxic (a la US) and our quality of price discovery will be compromised.	Dec 18, 2010
10		X	Dark orders should be exempt from this requirement. Minimum size requirements and pre-trade transparency will lead to many orders not being exposed to the market at all. More order flow will move to the upstairs market leading to poorer price discovered, not better. Functioning dark orders and markets provide for a more stable market and deeper available liquidity.	Dec 20, 2010
11		X	Dark orders should be exempt from this requirement. Minimum size requirements and pre-trade transparency will lead to many orders not being exposed to the market at all. More order flow will move to the upstairs market leading to poorer price discovered, not better. Functioning dark orders and markets provide for a more stable market and deeper available liquidity.	Dec 20, 2010

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	Buy Side Trader	Sell Side Trader	Comments and/or exceptions	
12		X	Dark orders should be exempt from this requirement. Minimum size requirements and pre-trade transparency will lead to many orders not being exposed to the market at all. More order flow will move to the upstairs market leading to poorer price discovered, not better. Functioning dark orders and markets provide for a more stable market and deeper available liquidity.	Dec 20, 2010
13		X	Dark orders should be exempt from this requirement. Minimum size requirements and pre-trade transparency will lead to many orders not being exposed to the market at all. More order flow could move upstairs leading to worse price discovery, not better. Functioning dark orders and markets provide for a more stable market and deeper available liquidity.	Dec 20, 2010
14		X	Dark orders should be exempt from this requirement. Minimum size requirements and pre-trade transparency will lead to many orders not being exposed to the market at all. More order flow will move to the upstairs market leading to poorer price discovered, not better. Functioning dark orders and markets provide for a more stable market and deeper available liquidity.	Dec 20, 2010
15		X	Dark orders should be exempt from this requirement. Minimum size requirements and pre-trade transparency will lead to many orders not being exposed to the market at all. More order flow will move to the upstairs market leading to poorer price discovered, not better. Functioning dark orders and markets provide for a more stable market and deeper available liquidity.	Dec 20, 2010
16		X	Markets depend on being able to transact large amounts without displaying your size. Either we have a large upstairs market or our marketplaces have to allow for hidden order types. I mostly prefer the latter since an upstairs market can be inefficient and also subject to information leakage.	Dec 21, 2010
17		X	Dark order-types should be exempt from this requirement. Minimum size requirements and pre-trade transparency will lead to many orders not being sent to ANY market. A great deal of flow will remain "upstairs". Dark orders result in greater accessible liquidity to all.	Dec 22, 2010
18		X	"Transparency" has become an assumed virtue. Fair and orderly markets are more important than "transparency" itself - transparency is a means not an end, and is currently used as justification for those participants who are more interested in latency arb/order anticipation than in price discovery or capital formation.	Dec 22, 2010
19		X	Dark orders should be exempt from this requirement. Minimum size requirements and pre-trade transparency will lead to many orders not being exposed to the market at all. More order flow will move to the upstairs market leading to poorer price discovery. Dark orders and markets provide for a more stable market and deeper available liquidity.	Dec 23, 2010

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	Buy Side Trader	Sell Side Trader	Comments and/or exceptions	
20		X	Dark orders should be exempt from this requirement. Minimum size requirements and pre-trade transparency will lead to many orders not being exposed to the market at all. More order flow will move to the upstairs market leading to poorer price discovered, not better. Functioning dark orders and markets provide for a more stable market and deeper available liquidity.	Dec 30, 2010
21		X	With the financial world seeking increased transparency, I believe that we should not let our markets have dark pools. Its unfair to the retail and institutional investor. Would you allow a broker to put up a dark cross?	Dec 31, 2010
22		X	There is zero evidence that lit markets perform better than dark ones...so why are the regulators forcing us to go in a particular direction....orders will go where they are treated best.	Jan 4, 2011
23		X	Customers should have a choice with respect to the orders that they use based on their trading strategies. Some strategies who require use of dark orders to minimize market impact.	Jan 4, 2011