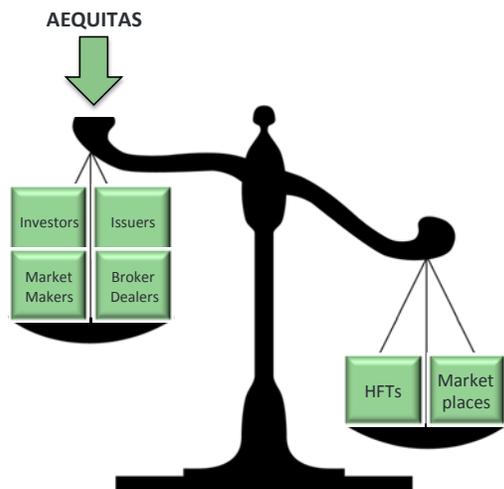


Aequitas' Short Description and Point of View on the OSC Request for Comment

Our Mission

To build an exchange in Canada that provides an innovative and cost-efficient marketplace, which protects the interests of all investors and reflects the fundamental purpose of markets: the efficient allocation of capital between issuer and investor as a central force driving the Canadian economy.



Founding Investors / Partners:

- Barclays Corporation Limited
- BCE Inc.
- CI Investments Inc.
- IGM Financial Inc.
- ITG Canada Corp.
- OMERS Capital Markets
- PSP Public Markets Inc.
- RBC Dominion Securities

Recent evolutions in technology and the global regulatory landscape have led to serious imbalances between market stakeholders that are harming market quality. As a result, the confidence of investors and issuers in equity markets has suffered. We seek to offer solutions to address these issues and help bring markets back into balance.

Our Vision

We believe differentiated marketplace competition will enhance confidence in Canada's capital markets. More of the same won't address the issues that exist. We see untapped opportunity to use innovative technology and marketplace design in a way that promotes liquidity, fairness, cost savings and economic growth.

Our Solutions

- Trading models that restrict predatory trading strategies while challenging the maker-taker fee model;
- Best-in-class Smart Order Routing services available to all investors and dealers at a low cost;
- Liquidity through committed and sustainable market making;
- A senior listing offering for corporations that are ready to go public, complemented by a centralized platform for exempt market securities focused on capital raising for small and mid-cap corporations;
- A balanced and open ownership structure that ensures investors and issuers are always put first; and
- Competitive fees across trading, listings and market data offerings.

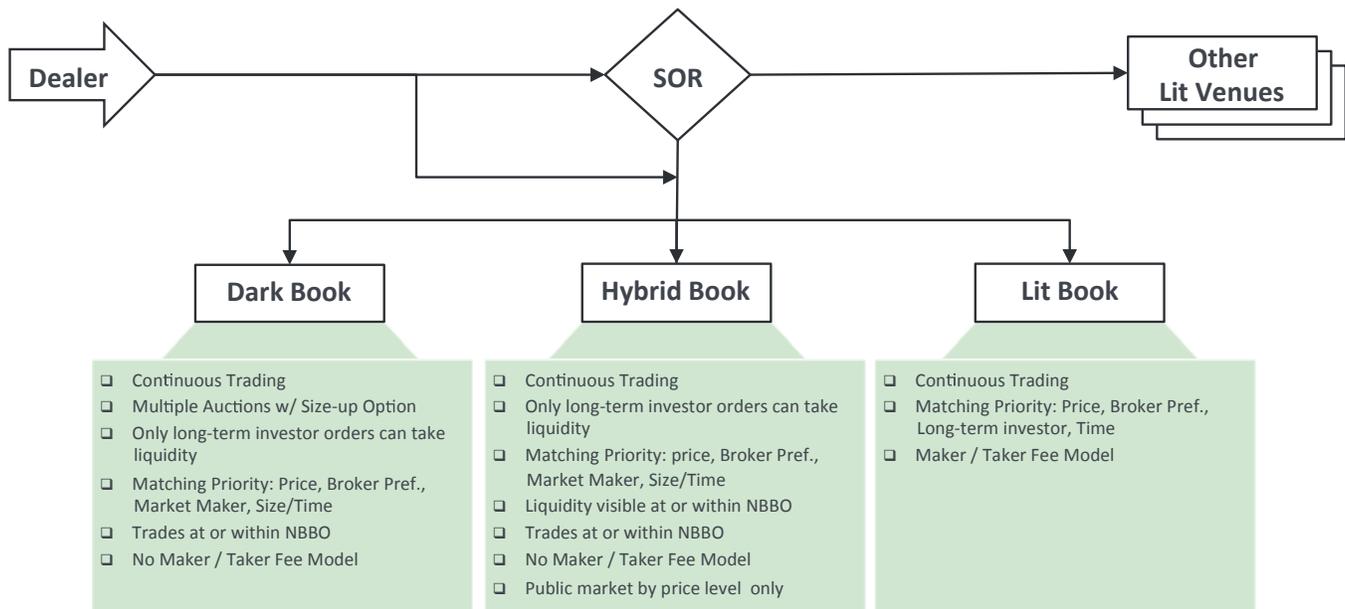
Our mandate is to improve market quality, promote fairness and foster economic growth with all stakeholders in mind. We look forward to your input: *Make your voice heard.*

The OSC Concept Paper

On August 13, 2013, the Ontario Securities Commission Staff (OSC) published, for a 45 days public comment period, a description of the trading features that are part of the trading ecosystem that we propose to implement as part of our mission. The comment period will end on Friday, September 27, 2013. We commend the OSC for this initiative as it complements our approach of dialogue with industry stakeholders.

Features described as part of the Request for Comments published by the OSC¹

The trading features identified by the OSC, while a subset of the proposition that we intend to bring to the marketplace, are an intrinsic part of our integrated trading solutions seeking to restrict predatory trading and promote liquidity through committed and sustainable market making.



In particular, the OSC seeks comments on the following:

- Does the Aequitas Hybrid Book – a liquidity pool that would display resting orders in an aggregated way at or within the NBBO and will only allow long term investors to take liquidity – cause issues with current regulations with respect to lit and dark markets?**

Our View: *The Aequitas Hybrid book is an innovative trading solution that prohibits predatory trading activities and promotes quality resting liquidity, while respecting the spirit of existing regulations. The fact that it is innovative and does not fit an existing rule set should not preclude market participants from benefitting from it.*

- Does the Aequitas Hybrid Book, by only allowing long term investors to take liquidity, cause fair access issues?**

Our View: *The regulatory fairness standard is not absolute but has a test of reasonableness. Limiting access should not be considered unreasonable when it supports market quality and addresses harm in the marketplace.*

¹ A more detailed description, analysis and specific questions are available in the Aequitas Summary at <http://www.aequin.com>; and the complete OSC Request for Comments is available at <http://www.osc.gov.on.ca>

3. Does giving market makers a higher execution priority for their allocated securities cause fairness or investor confidence concerns?

***Our View:** By providing market makers with priority, they obtain meaningful compensation to reliably fulfill the role of liquidity provider of last resort. This will positively impact investors and issuers, and contribute to price discovery and price formation.*

4. Is it appropriate to have market makers for securities listed on another exchange?

***Our View:** Reliable liquidity should be the objective of every marketplace. All marketplace initiatives contributing to such liquidity should be supported regardless where a security is listed.*

5. Is it appropriate to have market makers who are not directly regulated by IIROC but sponsored by an IIROC-regulated member?

***Our View:** Provided they are subject to appropriate oversight and sponsored by a Canadian regulated dealer, attracting market makers with the right skills and capabilities to the Canadian marketplace will benefit overall liquidity.*

6. Is there a possible impact on the quality of price formation and price discovery for the Canadian marketplace as a whole if Aequitas attracts too much volume?

***Our View:** We believe our proposals may, if adopted by market participants, lead to modestly larger displayed spreads. However, today's markets are impacted by multiple predatory strategies and the displayed spreads are not the effective spreads. Such evolution will benefit the market and participants at large, as it will lead to more reliable price discovery and reduced intra-day price volatility. In short - a more efficient marketplace overall.*

7. On what basis should the Aequitas proposals be permitted to go forward?

***Our View:** Innovation and commercial responses to stakeholders' needs and market structure changes should be enabled however with accountability. This means that it should be subject to reporting, as well as monitoring and oversight by the regulators. Such approach allows innovation and change, while managing potential risks.*

Taking Action

Our initiative is a unique opportunity for all stakeholders in the industry to participate in building a marketplace for tomorrow. For us, it is all about re-establishing a fair balance among stakeholders and promoting quality markets.

It has never been more important for you to get involved. You can do this in three ways:

1. Send in your own comment letter to the OSC;
2. Provide responses to our [multiple choice questionnaire](#) and send it to the OSC;
3. Sign the Aequitas [Letter of Support](#), which we will send to the OSC with all of the signatories identified.

**You have a unique opportunity to truly impact the way markets will operate tomorrow.
Don't miss it: *Make your voice heard.***