

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.2 Marketplaces

13.2.1 Omega ATS – Notice of Proposed Changes and Request for Comment

OMEGA ATS

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

Omega ATS has announced its plans to implement the changes described below in Q3 2012. We are publishing this Notice of Proposed Changes in accordance with the requirements set out in OSC Staff Notice 21-703 “Transparency of the Operations of Stock Exchanges and Alternative Trading Systems.” Pursuant to OSC Staff Notice 21-703, market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by May 7th, 2012 to:

Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Fax 416 595 8940
email: marketregulation@osc.gov.ca

And to

Richard J. Millar
Chief Compliance Officer
Omega ATS
100 Lombard St. Suite 101
Toronto, ON M5C 1M3
email: Richard.millar@omegaats.com

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff’s review and to outline the intended implementation date of the changes.

OMEGA ATS

NOTICE OF PROPOSED CHANGES

Omega ATS has announced plans to implement the change described below Q3 2012 unless otherwise noted.

If you have any question concerning the information below please contact Richard J. Millar CCO for Omega ATS, at 416 646 2764.

Description of Proposed Changes

Omega intends to introduce an Iceberg order type to its functionality. Iceberg orders are limit orders that allow our subscribers to enter the full quantity of their limit order, but exposes to the market book only a fraction of the full order (minimum one board lot). The iceberg order will refresh the fractional quantity selected automatically until the full quantity of the order is completed. The undisclosed volume will have no priority over disclosed volumes at a given price. The “refreshed volume” created after the fulfilling of a disclosed fraction of the complete order will take its natural place in time sequence at a given price as any new order.

Market participants will be able to avoid interacting with the undisclosed volumes by using a fully functioning BYPASS function on Omega.

Expectant Impact of Changes

This order type protects both the large and small volume participant, allowing the large volume limit order to participate in the order book without causing the disruption of exposing a large volume, nor creating a volume barrier that smaller players would have to trade above or below if the full volume exposed. With this order type a smaller participant can trade at the same price as the large seller and only have the exposed volume to compete with.

Consultations

Omega is undertaking this project at the request of its subscriber base, the majority of who now consider the ability to maintain the ICEBERG order type part of the base functionality of any modern trading venue.

Proposed Changes Currently in the Canadian Marketplace

All other open outcry marketplaces in Canada have the ability to maintain the iceberg type of trade; over the last decade it has become part of the standard suite of trading tools. It is in fact more of a threat to the good functioning of the market, and to our clients for Omega not to offer this function.