

CX2 CANADA ATS

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

CX2 Canada ATS has announced plans to implement the change described below for February 1st 2015. We are publishing this Notice of Proposed Changes in accordance with the "Process for the Review and Approval of Rules and the Information Contained in Form 21-101F2 and the Exhibits Thereto". Market participants are invited to provide the Commission with comment on the proposed changes.

Feedback on the proposed changes should be in writing and submitted by **December 8, 2014** to:

Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
e-mail: marketregulation@osc.gov.on.ca

And to:

Matthew Thompson
Chief Compliance Officer
Chi-X Canada ATS Limited
The Exchange Tower
130 King Street West, Suite 2105
Toronto, Ontario M5X 1E3
Fax: (416) 368-9148
e-mail: matthew.thompson@chi-x.com

Feedback 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.

If you have any questions concerning the information below please contact Matthew Thompson CCO for Chi-X Canada, at 416 304-6376.

Broker Preferencing for Hidden Orders:

A. Description:

CX2 Canada ATS is proposing to introduce broker preferencing for its hidden orders. Upon implementation, order matching logic will follow a price/broker/time priority (broker preferencing) allocation. Currently hidden orders are matched by price/time priority alone.

B. Expected Implementation Date:

Conditional upon regulatory approval, implementation is planned for February 1, 2014.

C. Rationale for proposed Change:

One of the differentiating features of CX2 Canada ATS from Chi-X Canada ATS is that it supports attribution and broker preferencing for lit orders. The rationale for the proposed change is to expand this offering by applying broker preferencing to hidden orders that can be used to create on-exchange internalization opportunities for subscribers.

D. The expected Impact of the proposed Significant Change on Market structure for Subscribers, Investors and capital markets:

We believe that the proposed change will simplify the use of CX2 for its existing customers by harmonizing matching logic for all orders. For those customers who enjoy broker preferencing today, they will now be able to use it for all attributed orders entered on CX2, irrespective of whether or not their order is lit or hidden.

E. Expected impact of the Significant Change on CX2's compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:

We foresee no negative impact to fair access.