

August 16, 2010

Market Regulation Branch
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RE: OSC Request for Feedback: Alpha ATS LP Notice of Proposed Changes and Request for Feedback

GMP Securities L.P. (GMP) appreciates the opportunity to provide feedback on the changes that Alpha ATS has announced, specifically the introduction of the Alpha IntraSpread facility and the new order types associated with it. We support the efforts made by Canadian Marketplaces to enhance efficiency and add value, however, we have some concerns regarding Alpha's proposed changes which are summarized below.

One of the cornerstone principals in marketplace regulation is the concept of best price. Dealers currently have a responsibility to both their clients and the marketplaces to trade against the best available price. We feel that Alpha's proposal in its current form is not consistent with the concept of best price.

Alpha's proposed changes indicate that they will allow SDL orders to only trade with Dark Orders from the same subscriber. We agree that at each price point, a subscribers SDL order should be first matched with a Dark Order from the same subscriber. In the absence of Dark Orders from the same subscriber, we believe the SDL order should be allowed to trade against Dark Orders from all subscribers at that same price point. We feel that allowing SDL orders to only trade against Dark Orders from the same firm is not consistent with the concept of best price as potentially better priced Dark Orders at other dealers will be missed. In the example that Alpha provides in their request for feedback, the sell order for 3000 shares leaves 1000 shares unfilled because all the Dark Orders by the same subscriber have been filled. It is our opinion that Dealer A's SDL order should have been filled at each dark price point, the balance of the sell order should be allowed to trade with Dark Orders from different dealers. If this was allowed the order in the example would have been filled in full at a better price than the NBBO. Currently there are various types of dark orders on Canadian Marketplaces - hidden limit, hidden pegged, etc. The fundamental difference is that these orders will trade with any dealer and take advantage of all order flow which guarantees the client the best price.



Securities
Griffiths McBurney

No meaningful price improvement.

Alpha's proposed changes will allow for dealers to intentionally circumvent the visible market with no meaningful price improvement. Dealers will be able to cross stock at sub-penny prices and avoid any interference with the visible markets (and other dealers Dark Orders). If the same trade was done on the visible market IIROC's UMIR rules would require full increment price improvement. For example, the market for stock ABC is \$10.00 bid and \$10.01 offered. Dealer A has a client order to sell for 4000 shares of stock ABC. If Dealer A were to facilitate this client sell order by buying the stock with their Inventory, UMIR 8.1 would require them to purchase the stock on the offering. If the changes Alpha is proposing take effect, Dealer A would be able to enter a Dark order for the inventory at NBBO + 10% and then enter a SDL order for the client. The CPT cross would then execute at \$10.001. In our opinion this is not meaningful price improvement, offers no value to the client order and in direct conflict with the spirit of UMIR 8.1.

We appreciate the opportunity to provide feedback on the Proposed Alpha changes.

Sincerely

GMP