



Penson Financial Services Canada™

Member of the IIROC and CIPF

August 16, 2010

SENT VIA EMAIL

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Re: Comment Letter – Alpha ATS L.P. – Notice of Proposed Changes

Penson Financial Services Canada Inc. (“Penson” or “we”) appreciates the opportunity to provide feedback on the Alpha ATS L.P. – Notice of Proposed Changes, published on July 16, 2010, relating to Alpha ATS’s (“Alpha”) plans to offer new order types through the Alpha IntraSpread facility (the “IntraSpread Facility”). The IntraSpread facility would allow Alpha Subscribers to seek order matches within their firm without pre-trade transparency.

It is Penson’s view that the IntraSpread Facility raises issues which require additional consideration. In addition, providing Alpha with regulatory approval to launch the IntraSpread Facility would, in our view, be premature in light of the analysis currently being conducted by the Canadian Securities Administrators (the “CSA”) and the Investment Industry Regulation Organization of Canada (“IIROC”).

In late 2009, the CSA and IIROC published Joint CSA/IIROC Consultation Paper 23-404 – *Dark Pools, Dark Orders, and Other Developments in market Structure in Canada* (“CP 23-404”). CP 23-404 discussed and sought public comment on a variety of new developments in market structure, including those relating to Dark Pools (defined in CP 23-404 as marketplaces with no pre-trade transparency). In response to CP 23-404, we expressed the view in our comment letters that Dark Pools raise a number of issues that require additional consideration. In particular, we outlined that Dark Pools may reduce liquidity since they are not accessible by all investors. This could provide an unfair advantage to investors of larger

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broker/dealers who have significant internal order flow. Investors/clients of smaller broker dealers could be disadvantaged through reduced liquidity and trading information.

We reiterate these issues with respect to Alpha's proposed IntraSpread Facility.

We also note that subsequent to the publication of CP 23-404, the CSA and IIROC hosted a forum to discuss the issues raised in CP 23-404 and published CSA/IIROC Joint Staff Notice 23-308 – *Update on Forum to Discuss CSA/IIROC Joint Consultation Paper 23-404 "Dark Pools, Dark Orders and Other Developments in Market Structure in Canada" and Next Steps ("CP 23-308")*. CP 23-308 sets out the views and discussions surrounding these issues and indicates that the information gathered from the forum will be used to inform the CSA/IIROC's policy-making going forward. It would appear to us that providing Alpha with regulatory approval to launch the IntraSpread Facility would be premature until such time as the CSA/IIROC has fully considered and formulated a policy on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'J Skain', written over a light blue horizontal line.

John Skain
President and Chief Executive Officer
Penson Financial Services Canada Inc.