



RBC Capital Markets®

RBC Dominion Securities Inc.
P.O. Box 50 | Royal Bank Plaza | 200 Bay Street
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Via E-Mail

January 28, 2011

Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8

Randee Pavalow
Head of Operations and Legal
Alpha ATS LP
70 York Street, Suite 1501
Toronto, Ontario M5J 1S9

Dear Sirs/Mesdames:

Re: Notice of Proposed Changes and Request for Feedback Respecting the Alpha ATS LP Intraspread Facility

We are writing on behalf of RBC Dominion Securities Inc. ("RBC DS"), in response to the request for feedback put forth by the Ontario Securities Commission ("OSC") and Alpha Alternative Trading Systems Limited Partnership ("Alpha") respecting the proposed Alpha Intraspread Facility ("Intraspread") in accordance with the requirements set out in OSC Staff Notice 21-703 – *Transparency of the Operations of Stock Exchanges and Alternative Trading Systems* on December 14, 2010 (the "Notice"). RBC DS is registered as an investment dealer and is a limited partner of Alpha and a shareholder of Alpha Trading Systems Inc., the general partner of Alpha.

RBC DS is fully supportive of all industry initiatives which promote an efficient and competitive marketplace. Accordingly, we are supportive of Intraspread to the extent that it results in better executions for clients through price improvement and the "narrowing of the spread". In the view of RBC DS, as a broker neutral initiative, Intraspread serves the dual objectives of providing an additional source of dark liquidity to clients and the marketplace generally, while benefiting both buy-side and retail clients.

It is worth noting that conceptually and functionally, much of what is being proposed by Alpha respecting Intraspread is currently available in the Canadian marketplace. To be clear, the concepts of broker-preferencing, mid-point and/or sub-penny price improvement and "conditioned" access to marketplaces and/or facilities of marketplaces are well entrenched features of the Canadian marketplace landscape. To suggest that the functionality proposed by Intraspread is contrary to either the overriding policy objectives of National Instrument 21-101 – *Marketplace Operation* and the Universal Market Integrity Rules ("UMIR") is to bring into question the current operational models of various marketplaces, and more specifically, the regulatory underpinnings upon which these marketplaces rely to substantiate their operational models.

From a client perspective (both retail and institutional), Intrasread provides a venue for providing enhanced execution opportunities in a manner that minimizes market disruption and information leakage. As such, we question the rationale for excluding institutional accounts, some of whom represent the interests of aggregated retail accounts (i.e. mutual funds, pension plans), from using the Seek Dark Liquidity (SDL) order type.

We appreciate the opportunity to provide comments on the Notice and would welcome the opportunity to discuss the foregoing with you in further detail. If you have any questions or require further information, please do not hesitate to contact the undersigned.

Sincerely,

“Greg Mills”

Greg Mills
Managing Director, RBC Capital Markets
RBC Dominion Securities Inc.