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August 21, 2014

Dear Sir or Madam:

**Re: APPLICATION FOR RECOGNITION OF AEQUITAS INNOVATIONS INC. AND  
AEQUITAS NEO EXCHANGE INC. AS AN EXCHANGE  
NOTICE AND REQUEST FOR COMMENT**

I am writing in response to the OSC's Request for Comment on the application submitted by Aequitas. I appreciate the opportunity to comment and I appreciate the continued hard work and detail-orientation on the part of both Aequitas and the OSC as this process has evolved.

As a general principle, I support innovative entrants to the marketplace and I trust market forces to make many of the important decisions regarding what works and what doesn't. Given the pace of change and the complexities of the market, regulators have an almost impossible job in regulating a constantly changing system. A principles-based approach is key, as is consultation with a variety of parties (hopefully many of them independent) to discern as best as possible where the true possibilities for concern reside and to regulate accordingly.

**Market Making**

It is not clear how large the DMM market making incentive will be. This will be a balance that will require adjustments over time. In general, however, the market making issue is very complex. Few market participants understand it in detail and many have commercial interests in the outcome. I

would urge careful study of the NYSE model and consultation with independent experts on market making. In general, and not being an expert on market making, I support the balance of incentives and obligations presented.

### **Categorization of LST and Neo Liquidity Providers**

This is the crux of the Aequitas model. Designation of LSTs must be done carefully. This will not be easy. This will not be smooth. But close attention must be paid to this aspect. In addition, it will be important to determine the nature of the players providing liquidity in the Neo book. It will be a challenge to find non-LST DMM's and I don't believe the line between LST and non-LST is a well-defined one.

Overall, Aequitas Innovations and Aequitas Neo will drive innovation on many levels and I support their efforts and look forward to watching the marketplace evolve as they launch.

Best,

Ali Crosthwait