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Market Regulation Branch
Ontario Securities Commission
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RE: NEW EXCHANGE PROPOSAL BY AEQUITAS INNOVATIONS INC.

Virtu Financial LLC ("Virtu") appreciates the opportunity to provide comments on the Aequitas Innovations Inc. ("Aequitas") proposal to the Ontario Securities Commission ("OSC"). Virtu is a global, electronic market maker in 31 countries and across over 200 markets around the world. Virtu is a registered market maker in the US and Europe in over 6,000 symbols. Virtu is a leading technology-enabled market maker and liquidity provider to the global financial markets in cash equities, commodities, financial futures, foreign exchange, fixed income and options. Virtu believes that market makers serve an important role in maintaining and improving the overall health and efficiency of the global capital markets.

Virtu is not registered in Canada as an investment firm or an IIROC dealer member but rather participates in the Canadian market through a registered IIROC dealer member.

General Comments

Virtu strongly supports market innovations that can provide participants with alternative market concepts and improved competition. Virtu believes that technology will continue to have a role in the evolution of the market and we understand that others may view innovation as complex. Virtu believes there is a fair, middle ground where innovation can flourish without introducing unnecessary complexity. In this regard, Virtu agrees with the recent proposal published by the Canadian Securities Administrators ("CSA") to amend the Order Protection Rule ("OPR") to require market centers to achieve a critical market share size before they receive the benefits afforded by the OPR.

Specific Aequitas Comments

Virtu is generally supportive of the Aequitas proposal. However, we have the following specific comments:

(i) Benefits and obligations of market makers

Virtu believes that it is appropriate to have market maker obligations with respect to the Dark Book and dark pools generally. In all markets, displayed or non-displayed, market participants have an expectation that their orders will fill at the current market. True market maker obligations should be designed to ensure that liquidity is provided at the current market in all markets. All market participants benefit from the increased liquidity, lower overall trading costs and enhanced execution certainty that market makers provide.

Virtu believes that markets benefit most from market maker obligations that require “displayed” liquidity. However, we believe there is some benefit to constructing obligations to provide non-displayed liquidity obligations. Many markets maintain both displayed and non-displayed liquidity. Virtu believes it is perfectly appropriate to attach an obligation to provide liquidity in the Dark Book but only as a supplemental obligation to a market makers obligation to provide displayed liquidity.

With respect to Aequitas’ DMM proposal, Virtu believes that Aequitas should not limit its market maker program to IIROC dealer-members only. Through the use of unique trader IDs, Aequitas can simply expand its Designated Market Maker program to any Aequitas participants that agrees to comply with the market maker obligations under the program. Virtu would participate in the Aequitas DMM program but as a result of Virtu’s status in Canada it is currently restricted under the current proposal. This market environment of low liquidity is not an environment where we should limit market participants willingness to provide obligated liquidity.

(ii) **Market Makers Commitment (MMC)**

Virtu believes in Market Maker obligations, including the obligation to provide two-sided liquidity at multiple price levels (depth obligation). The Market Maker Commitment on Aequitas is similar to the Capital Commitment Schedule applicable to the NYSE’s Designated Market Maker program. We believe that market maker obligations to quote at multiple price levels is essential to reducing price volatility as it provides price support at multiple price levels. Virtu believes that all markets should consider adding depth obligations as part of their market maker obligations.

(iii) **Application of the Order Protection Rule**

Virtu understands and appreciates the value of the randomized speed bump that Aequitas is proposing for Latency Sensitive Traders in its Neo Book. Virtu supports market innovations that classify market participants based on order or trade behavior. In fact, Virtu will even support restricting certain market participants’ access to a market based on the classification of a market participant and its order or trade behavior. However, with respect to a displayed market that systematically treats one class of participant differently than another; Virtu questions the fairness of applying OPR to such a market. Virtu believes in the importance of fair access to all displayed quotes that qualify for protection under OPR. Accordingly, Virtu believes that any displayed quotes which are not equally accessible by all market participants should not qualify for OPR.

(iv) **Application of OPR to New Marketplaces**

With respect to the application of the proposed OPR amendments, Virtu strongly supports the CSA's proposal to establish market share thresholds for the application of OPR. However, Virtu believes that the innovations offered by Aequitas provide valuable functionality to the marketplace and to many different market participants. Virtu believes that the current OPR review should not delay the approval of the Aequitas proposal.

As stated above, Virtu supports market innovations that can provide participants with alternative market concepts and improved market competition. We believe that markets that add value to market participants will survive and thrive. While we are concerned about the growing complexity of markets, we believe strongly in allowing market forces to determine how markets innovate over time.

Sincerely,
Chris Concannon
President and COO
Virtu Financial, LLC