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**RE: ALPHA EXCHANGE INC.
NOTICE OF PROPOSED RULE AMENDMENTS AND REQUEST FOR COMMENTS**

CIBC World Markets Inc. ("CIBC") thanks you for this opportunity to comment on the proposed rule amendments to the Alpha Exchange Inc. ("TSX Alpha").

CIBC is supportive of industry initiatives which promote better markets. We define better as the introduction of increased efficiency and/or competition which provides benefit to the Canadian trading community without introducing excessive complexity and cost. Accordingly, we are supportive of certain aspects of the TSX Alpha amendments which propose to simplify existing market structure and reduce market access costs.

TSX Alpha has positively responded to industry requests to simplify market access solutions. The closure of minor marketplace TMX Select, representing less than 2% of Canadian market share, the termination of TSX Alpha's Intraspread facility, and the streamlining of the TSX Alpha offering all help to reduce the complexity and market access cost faced by the industry. These are real costs that brokers can explicitly quantify.

A real-time market with participants making real-time decisions has been the most demanded market structure globally. While many marketplaces, TMX included, have focused on ultra-high speed processing, the shift in theme towards slowing things down represents pursuit of a market structure where information can be consumed and acted upon equitably by a broader range of participants. We do not anticipate that TSX Alpha's introduction of new order types and market access speed delays will introduce significant cost or complexity at-the-trade. However, we caution there is a high likelihood of increased cost as a result of the need for more complex trade supervision and compliance programs which will inevitably require adjustment to manage the random nature of speed bumps and other intra-market complications relating to trade-through processing, order protection and best execution measurement.

Impact of Speed Bumps and New Order Types with Minimum Size Constraints

We do not fundamentally disagree with the rationale behind the introduction of "speed bumps" on order flow, and the inclusion of these delays in order to level the playing field. Different solutions appeal to

different market constituents, irrespective of whether they are realized through changes to market access or changes to allocation methodology. We reiterate our strong support from previous comment letters that all participants be afforded the right to participate according to the same set of rules. Because TSX Alpha will apply the speed bump equally to all participants, and in a non-discriminatory fashion, we believe this innovation will be consistent with fair access principles. Participants who do not find value in marketplace speed bumps can simply continue to trade on other venues at no detriment.

We believe the speed delays must be randomized in order to be effective and to reduce gaming opportunities. For example, if the TSX Alpha speed bump is a fixed value then the first participant sending the order will still trade first, no matter how long the delay may be. In such an arrangement, the queue/execution priority is randomized across multiple markets, but remains predictable within a singular market. Through a randomized delay, speed advantages are further reduced as there is no certainty of a fill on the TSX Alpha book through faster access. In this context, latency randomization can effectively counterbalance the technological arms race for speed. While we agree that delays in trade matching could positively impact the marketplace by reducing gaming around time-priority, we require more information on whether the proposed randomization is set at the matching or market data level - an improperly applied delay could have negative consequences. We note that we have made a similar request in our Aequitas comments, and without a detailed understanding of where randomization is applied, the community opens itself to greater criticisms around market fairness.

CIBC has no concerns around the introduction of Post-Only orders with minimum size constraints, and are in agreement that minimum size ought to be applied by security, or by groups of securities, and be determined based on the liquidity profile of the securities. In order to encourage posting of orders in less liquid securities, this threshold should naturally be set lower than for highly liquid securities, which may require a larger minimum size to add value to the trading community. We request further detail on how minimum volume requirements will be disseminated, and how this will be managed on a symbol by symbol basis, as routers and trading technology will require the ability to manage this information in a timely fashion. Furthermore we note that in today's trading environment, algorithmic tools slice order flow with the aim of minimizing footprint and reducing market impact. This should be taken into consideration when determining appropriate (minimum) volume levels. An appropriate rollout period is also necessary for a successful implementation. We note Quantum XA technology upgrades were rushed into production without broker intervention on rollout plans; this approach creates material risk to the industry.

We note that TSX Alpha proposes to introduce a speed delay on posted orders that do not meet the minimum size threshold. Although we do not oppose this feature, why not simply reward size orders and eliminate the introduction of speed delays on this order flow? Rewarding size would effectively achieve the same benefits as preferencing larger post only orders. This would be less disruptive to the trading community and could be managed through the exchange's matching algorithm.

Streamlining of the TSX Alpha Offering

We support all TSX Alpha initiatives proposed to reduce the level of overall complexity and cost in the market. This includes the decommissioning of the IntraSpread facility and the re-alignment of order types and services such that participants, including CIBC, have a more consistent experience when trading on TMX equity markets.

Other Issues

These proposed amendments will introduce marginally greater complexity to smart order routing logic and to trading platforms in general, and we are in agreement that this is limited to the introduction of new order types and will be offset by a reduction in complexity resulting from streamlining of the TSX Alpha offering.

However, one area we would like to highlight - and where we would welcome regulatory feedback - is the application of speed delays and the ability to adapt this into trade supervision programs. We expect that the random nature of speed delays will reduce the precision of existing methods used to recreate the sequence of events in order books and apply standard supervision tests. This includes the investigation of potential order protection rule (“OPR”) violations, trade-throughs, and many other trade reviews that depend on sequential activity at a micro level. Unpredictable delays will introduce systematic complexity and added confusion to the intra-market operability of quotes and trades. Order protection on orders which may or may not be present by the time a speed bump has been applied to the active order will be difficult to supervise for compliance purposes.

We request flexibility in how we adapt our supervision programs, with acknowledgement that up until now, regulations have by and large only contemplated electronic markets as being immediately accessible. With primary lit venues now transitioning to include quote and trade delays, the Street would greatly benefit from guidance on how our supervision programs should or could be modified to continue to comply with current rules.

CONCLUSION

In general, we are supportive of TSX Alpha's proposed market solutions, and recognize their intent, to address inefficiencies in the market. CIBC supports initiatives to simplify our market structure and to eliminate offerings where the community has not realized value, as TSX Alpha is doing with the retirement of TMX Select and the TSX Alpha IntraSpread facility, and the streamlining of functionality on TSX Alpha.

We believe that the success or failure of the proposed order type introductions to TSX Alpha, including speed delays and minimum size orders, will be based on whether value can be derived from these. Market participants will vote with their shares and order flow will migrate accordingly. As a by-product of these offerings, we raise our concerns with the practical application of speed bumps as it pertains to supervision and compliance programs. These costs may outweigh benefits.

Thank you for the opportunity to provide our comments on the TSX Alpha proposal. Please feel free to contact us with any questions or requests for clarification.

Sincerely,

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