



## ALPHA NOTICE TO SUBSCRIBERS

February 22, 2010

No. 2010-0020

### IMPLEMENTATION OF FEE CHANGES TO UNINTENTIONAL CROSSES

Please be advised that Alpha ATS is providing additional guidance on changes to invoicing for unintentional crosses in continuous trading as per Notice to Subscribers No.2010-0005 January 21, 2010. Unintentional crosses are defined as trades where the same Subscriber is on the buy and sell side but the trade has not been prearranged and is the result of matching in the CLOB.

For unintentional crosses in the continuous trading, Subscribers will pay the net fee per share equal to the difference between the active and passive fee for trades of same type in continuous trading (i.e. the spread). Fees on each side of the trade, as attached to the invoice, will be at the amount set for active and passive fees requested by the Subscriber.

1. Fees can be set at the Subscriber level or at the Business Unit level. (categories defined by the Subscriber)

Subscribers can set the default active/passive fees that will be applied to all unintentional crosses of the Subscriber. Alternatively, the Subscribers can allocate traders to up to four Business Units (A, B, C or D), and define active/passive fees for each of the Business Unit combinations. If the active/passive fee is not set for a combination of Business Units, the Subscriber's default active/passive fee will apply. For Subscribers that do not set the default active/passive fee and do not set the active/passive fees for the Business Unit combination, the Alpha continuous trading fees set out in the fee schedule will be the default. There is no cap on the amount of the active and passive fee.

#### Example:

Subscriber's Default Fees:

	Mandatory Spread	Subscriber Default	
		active fee	passive fee
Continuous Unintentional Cross < 1	\$0.0002	\$0.0002	\$0.0000
Continuous Unintentional Cross >= 1	\$0.0004	\$0.0004	\$0.0000
Debt Continuous	\$0.01	-	-

Unintentional Cross	(per \$1000 par value)		
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Business Unit fees for Continuous Unintentional Crosses < \$ 1 per share (spread must be equal to \$0.0002):

		Passive Side of the Trade							
		A		B		C		D	
		Active fee	Passive fee	Active fee	Passive fee	Active fee	Passive fee	Active fee	Passive fee
Active Side of the Trade	A	\$0.0001	\$0.0001	\$0.0003	-\$0.0001	\$0.0003	- \$0.0001	\$0.0001	\$0.0001
	B	-	-	\$0.0001	\$0.0001	-	-	-	-
	C	-	-	-	-	\$0.0001	\$0.0001	-	-
	D	-	-	-	-	-	-	\$0.0001	\$0.0001

Business Unit fees for Continuous Unintentional Crosses >= \$1 per share (spread must be equal to \$0.0004):

		Passive Side of the Trade							
		A		B		C		D	
		Active fee	Passive fee	Active fee	Passive fee	Active fee	Passive fee	Active fee	Passive fee
Active Side of the Trade	A	\$0.0002	\$0.0002	\$0.0029	-\$0.0025	\$0.0015	- \$0.0011	-\$0.0002	\$0.0006
	B	-	-	\$0.0002	\$0.0002	-	-	-	-
	C	-	-	-	-	\$0.0002	\$0.0002	-	-
	D	-	-	-	-	-	-	\$0.0002	\$0.0002

Business Unit fees for Debt Continuous Unintentional Crosses (spread must be equal to \$0.0001 per \$1000 par value):

		Passive Side of the Trade							
		A		B		C		D	
		Active fee	Passive fee	Active fee	Passive fee	Active fee	Passive fee	Active fee	Passive fee
Active Side of the Trade	A	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-
	D	-	-	-	-	-	-	-	-

TraderID 1234 is assigned to Business Unit "A"  
 TraderID ABCD is assigned to Business Unit "B"

Scenario a):

- Execution takes place between TradersIDs 1234 and ABCD (10,000 of ZYZ @\$0.50), with 1234 on the Active side.
- A-Active/B-Passive fee combination for prices < \$1 applies, as per table 2 above: \$0.0003/-\$.0001
- On the invoice detail, trade record for TraderID 1234 will show a charge of \$3, and the trade record for TraderID ABCD will show a credit of \$1.

Scenario b):

- Execution takes place between TraderIDs 1234 and ABCD (10,000 of YXX @\$2.00), with ABCD on the Active side.
- B-Active/A-Passive fee combination for prices >=\$1 applies, as per table 3 above; since no fees are defined for this combination of Business Units, the Subscribers default for >= \$1 applies, as per table 1 above: \$0.0004/\$0.0000
- On the invoice detail, trade record for TraderID ABCD will show a charge of \$4, and the trade record for TraderID 1234 will show a credit of \$0.

Scenario c):

- Execution takes place between TraderIDs 1234 and ABCD in a debenture security (10,000 of YXX.DB @\$98.00), with ABCD on the Active side.
- B-Active/A-Passive fee combination for debentures applies; since no fees are defined for this combination of Business Units, the Subscribers default for debentures applies. Since there is no Subscriber default for debentures, Alpha continuous rates for debentures apply: \$0.09/ -\$0.08 per \$1000 par value.
- On the invoice detail, trade record for TraderID 1234 will show a charge of \$0.9, and the trade record for TraderID ABCD will show a credit of \$0.8.

2. Subscribers must notify Alpha of allocation of TraderIDs to Business Units.

For example, Trader ID 1234 = A, 3456 = B, 4567 = C

3. Trading fees effective at the end of the billing period (i.e. month end) will apply to the whole month. Trading fees can be changed intra-month, but no later than 10 business days prior to the month end.

4. Allocation of TraderID to Business Units effective at the end of the day when the trade occurs will apply.

a. Bulk allocations and re-allocations of TraderIDs to Business Units (more than 10 changes are required) can be made once a month. The subscriber must provide the required information to Alpha at least 15 business days prior to the desired effective change.

b. One-off allocations and re-allocations of TraderIDs to Business Units (less than 10 changes are required at once, and less than 30 changes for the whole month) can be made multiple times a month. The subscriber must provide the required information to Alpha at least 2 business days prior to the desired effective change.

**5. For changes to take effect as of March 1<sup>st</sup> 2010:**

- a. Assignment of Trader IDs to Business Units must be received by February 26, 2010. Any subsequent assignments will only be effective for the part of the month.**
  - b. Subscriber fees (defaults and Business Unit combination fees) must be received by Alpha no later than March 19<sup>th</sup>, 2010.**
6. In order to assist you, we have attached a form for requesting the fee changes and assigning the Trader IDs to Business Units. See attached to this notice, Alpha ATS – Unintentional Cross Subscriber Assignments Form.

Should you have any questions or require additional clarification please direct your inquiries to Alpha Trading Services at [647-259 0450](tel:647-259-0450) / [877- ATS ALF1](tel:877-ATS-ALF1) or via email at [clientservices@alphatradingsystems.ca](mailto:clientservices@alphatradingsystems.ca)