

APPENDIX B

**Proposed Amendments to Form 21-101F2 –
Initial Operation Report Alternative Trading System**

1. *Form 21-101F2 – Initial Operation Report Alternative Trading System is replaced with the following:*

**“FORM 21-101F2
INITIAL OPERATION REPORT
ALTERNATIVE TRADING SYSTEM**

TYPE OF FILING:

INITIAL OPERATION REPORT **AMENDMENT**

Identification:

1. Full name of alternative trading system
2. Name(s) under which business is conducted, if different from item 1:
3. If this filing makes a name change on behalf of the alternative trading system in respect of the name set out in Item 1 or Item 2, enter the previous name and the new name.

Previous name:

New name:

4. Head office

Address:

Telephone:

Facsimile:

5. Mailing address (if different):

6. Other offices

Address:

Telephone:

Facsimile:

7. Website address:

8. Contact employee

Name and title:

Telephone number:

Facsimile:

E-mail address:

9. Counsel:

Firm name:

Contact name:

Telephone number:

Facsimile:

E-mail address:

10. The ATS is

a member of (name of the recognized self-regulatory entity)

a registered dealer

11. If this is an initial operation report, the date the alternative trading system expects to commence operation:

12. The ATS has contracted with [regulation services provider] to perform market regulation for the ATS and its subscribers.

EXHIBITS

File all Exhibits with the Initial Operation Report. For each Exhibit, include the name of the ATS, the date of filing of the Exhibit and the date as of which the information is

accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

If the ATS files an amendment to the information provided in its Initial Operation Report and the information relates to an Exhibit filed with the Initial Operation Report or a subsequent amendment, the ATS must, in order to comply with subsection 2.2(1), 2.2(2) or 2.2(3) of National Instrument 21-101, provide a description of the change, the expected date of the implementation of the change, and file a complete and updated Exhibit. The ATS should provide a clean and blacklined version showing changes from the previous filing.

Exhibit A – Corporate Governance

1. Legal status:
 - Corporation
 - Partnership
 - Sole Proprietorship
 - Other (specify):
2. Except where the ATS is a sole proprietorship, indicate the following:
 1. Date (DD/MM/YYYY) of formation
 2. Place of formation
 3. Statute under which the ATS was organized.
3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent amendments.
4. Provide the policies and procedures to address conflicts of interest arising from the operation of the marketplace or the services it provides, including those related to the commercial interest of the marketplace, the interests of its owners and its operators, and the responsibilities and sound functioning of the marketplace.

Exhibit B – OwnershipA list of the registered or beneficial holders of securities of, partnership interests in, or other ownership interests in, the ATS. For each of the persons listed in the Exhibit, please provide the following:

1. Name
2. Principal business or occupation and title

3. Ownership interest
4. Nature of the ownership interest, including a description of the type of security, partnership interest or other ownership interest
5. Whether the person has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*)

In the case of an ATS that is publicly traded, if the ATS is a corporation, please only provide a list of each shareholder that directly owns five percent or more of a class of a voting security of the ATS.

Exhibit C - Organization

1. A list of partners, officers, governors, and members of the board of directors and any standing committees of the board, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:
 1. Name
 2. Principal business or occupation and title
 3. Dates of commencement and expiry of present term of office or position and length of time position held
 4. Type of business in which each is primarily engaged (e.g. sales, trading, market making, etc.) and current employer
 5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4
 6. Whether the person is considered to be an independent director
2. A list of the committees of the board, including their mandate.

Exhibit D - Affiliates

1. For each affiliated entity of the ATS provide the name, head office address and describe the principal business of the affiliate.
2. Provide the information below for each affiliated entity of the ATS to which the ATS has outsourced any of its key services or systems affecting the market or facility described in Exhibit E – Operation of the Marketplace, including order entry, trading, execution, routing and data, or with which the ATS has any other material business relationship, including loans, cross-guarantees, etc.:

- i. Name and address of the affiliate
- ii. The name and title of the directors and officers, or persons describing similar functions, of the affiliate
- iii. A description of the nature and extent of the contractual and other agreement with the ATS and the roles and responsibilities of the affiliate under the arrangement
- iv. A copy of each material contract relating to any outsourced functions or other material relationship
- v. Copies of constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents

Exhibit E – Operation of the Marketplace

Describe in detail the manner of operation of the market and its associated functions. This should include, but not be limited to, a description of the following:

1. The structure of the market (e.g., call market, auction market, dealer market).
2. Means of access to the market or facility and services, including a description of any co-location arrangements.
3. The hours of operation.
4. A description of the services offered by the marketplace including, but not limited to order entry including co-location, trading, execution, routing and data.
5. A list of the types of orders offered, including a description of the features and characteristics of orders.
6. Procedures regarding the entry, display and execution of orders. If indications of interest are used, please describe the information they include and list the types of recipients.
7. Description of how orders interact, including how priority is allocated between orders.
8. Description of order routing procedures.
9. Description of order and trade reporting procedures.

10. Description of procedures for clearance and settlement of transactions.
11. The safeguards and procedures of the marketplace to protect trading information of marketplace participants.
12. Training provided to participants and a copy of any materials provided both with respect to systems of the marketplace, the requirements of the marketplace, and the rules of the regulation services providers, if applicable.
13. Steps taken to ensure that marketplace participants have knowledge of and comply with the requirements of the marketplace.

The filer should provide all policies, procedures and trading manuals related to the operation of the marketplace and, if applicable, the order router.

Exhibit F – Outsourcing

Where the ATS has outsourced the operation of key services or systems affecting the market or facility described in Exhibit E – Operation of the Marketplace to an arms-length third party, including any function associated with the routing, trading, execution, clearing and settlement, and co-location, provide the following information:

1. Name and address of person or company to which the function has been outsourced
2. A description of the nature and extent of the contractual or other agreement with the ATS and the roles and responsibilities of the arms-length party under the arrangement
3. A copy of each material contract relating to any outsourced function

Exhibit G- Systems and Contingency Planning

For each of the systems that support order entry, order routing, execution, trade reporting, trade comparison, data feed, market surveillance, and trade clearing, describe:

1. Current and future capacity estimates
2. Procedures for reviewing system capacity
3. Procedures for reviewing system security
4. Procedures to conduct stress tests
5. A description of the filer's business continuity and disaster recovery plans,

including any relevant documentation

6. Procedures to test business continuity and disaster recovery plans

Exhibit H – Custody of Assets

1. If the ATS proposes to hold funds or securities of a marketplace participant on a regular basis, a description of the controls that will be implemented to ensure the safety of the funds or securities.
2. If any other person or company, other than the ATS, will hold or safeguard funds or securities of a marketplace participant on a regular basis, provide the name of the person or company and a description of the controls that will be implemented to ensure the safety of the funds or securities.

Exhibit I- Securities

A list of the types of any other securities that are traded on the ATS, indicating the exchange(s) on which such securities are listed. If this is an initial operation report, the types of securities it expects to trade

Exhibit J – Access to Services

1. A complete set of all forms, agreements or other materials pertaining to access to the services of the marketplace described in Exhibit E.4, including trading on ATS.
2. Describe the classes of marketplace participants (i.e. dealer, institution, or retail).
3. Describe the ATS's criteria for access to the services of the marketplace.
4. Describe any differences in access to the services offered by the marketplace to different groups or classes of marketplace participants.
5. Describe conditions under which marketplace participants may be subject to suspension or termination with regard to access to the services of the ATS.
6. Describe any procedures that will be involved in the suspension or termination of a marketplace participant.
7. Describe the ATS's arrangements for permitting clients of marketplace participants to have access to the marketplace. Provide a copy of any agreements or documentation relating to these arrangements.

Exhibit K – Marketplace Participants

Provide an alphabetical list of all marketplace participants, including the following information:

1. Name.
2. Date of becoming a marketplace participant.
3. Describe the type of trading activities primarily engaged in by the marketplace participant (*e.g.*, agency trader, proprietary trader, registered trader, market maker). A person shall be "primarily engaged" in an activity or function for purposes of this item when that activity or function is the one in which that person is engaged for the majority of their time. When more than one type of person at an entity engages in any of the activities or functions enumerated in this item, identify each type (*e.g.*, agency trades, registered trader and market maker) and state the number of marketplace participants in each.
4. The class of participation or other access.
5. Provide a list of all persons or entities that were denied or limited access to the marketplace, indicating for each:
 - (i) whether they were denied or limited access;
 - (ii) the date the marketplace took such action;
 - (iii) The effective date of such action; and
 - (iv) The nature and reason of any denial or limitation of access.

Exhibit L - Fees

A description of the fee model and all fees charged by the marketplace, or by a third party to whom services have been outsourced, including fees relating to connecting to the market or facility, access, data, regulation (if applicable), trading, routing, and co-location, and how such fees are set.

Exhibit M – Regulation

The ATS has contracted with regulation service provider to perform market regulation for ATS and its subscribers. Provide a copy of the contract between the filer and the regulation services provider.

Exhibit N – Acknowledgement

The form of acknowledgement required by subsections 6.10(2) and 6.11(2) of National Instrument 21-101.

CERTIFICATE OF ALTERNATIVE TRADING SYSTEM

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this ____ day of _____ 20 ____

(Name of alternative trading system)

(Name of director, officer or partner - please type or print)

(Signature of director, officer or partner)

(Official capacity - please type or print)".