

Omega's Policy on Direct Market Access for Subscribers' Clients

(October 12, 2007)

Purpose

This Policy governs the terms by which Omega Securities Inc. ("Omega" or "we", "us", "our" and like terms) will allow subscribers' clients to transmit orders to Omega ATS.

We believe that the best execution obligations of the dealer-subscribers trading on our marketplace will be facilitated by our adoption of a Policy that is largely consistent with the dealer-sponsored access (*i.e.*, direct market access) rules adopted by the principal Canadian marketplace. We believe that a subscriber's systems for the routing of client orders should not have to be calibrated to exclude certain client orders from accessing either our marketplace or that of the principal marketplace simply because of inconsistent dealer-sponsored access rules.

Accordingly, it is our intention that the terms of this Policy track, as closely as possible, the rules and policies of the TSX in respect of dealer-sponsored access and we will endeavour to highlight for our subscribers any important differences between this Policy and the TSX's rules and policies in that regard.

Definition of Eligible Client

The following classes of entities (each, an "eligible client") are prescribed as eligible to transmit orders to Omega ATS through a subscriber:

- (a) a client that falls within the definition of "acceptable counterparties" or "acceptable institutions" as defined in the General Notes and Definitions section of the Joint Regulatory Financial Questionnaire and Report;
- (b) a client that is registered as an investment counsellor or portfolio manager under the *Securities Act* of one or more of the Provinces of Canada;
- (c) a client that is a foreign broker or dealer (or the equivalent registration) registered with the appropriate regulatory body in the broker's or dealer's home jurisdiction and that is an affiliate of a subscriber acting for its own account, the accounts of other eligible clients or the accounts of its clients;

(d) a client that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the customer and falls into one of the following categories:

(i) an insurance company as defined in section 2(13) of the U.S. Securities Act of 1933,

(ii) an investment company registered under the U.S. Securities Act of 1933 or any business development company as defined in section 2(a)(48) of that Act,

(iii) a small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the U.S. Small Business Investment Act of 1958,

(iv) a plan established and maintained by a U.S. state, its political subdivisions, or any agency or instrumentality of a U.S. state or its political subdivisions, for the benefit of its employees,

(v) an employee benefit plan within the meaning of Title I of the U.S. Employee Retirement Income Securities Act of 1974,

(vi) a trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in (iv) or (v) above, except trust funds that include as participants individual retirement accounts or U.S. H.R. 10 plans,

(vii) a business development company as defined in section 202(a)(22) of the U.S. Investment Advisers Act of 1940,

(viii) an organization described in section 501(c)(3) of the U.S. Internal Revenue Code, corporation (other than a bank as defined in section 3(a)(2) of the U.S. Securities Act of 1933 or a savings and loan association or other institution referenced in section 3(a)(5)(A) of the U.S. Securities Act of 1933 or a foreign bank or savings and loan association or equivalent institution), partnership or Massachusetts or similar business trust, and

(ix) an investment adviser registered under the U.S. Investment Advisers Act;

(e) a client that is a dealer registered pursuant to section 15 of the U.S. Securities Exchange Act of 1934, acting for its own account or the accounts of other eligible clients, that in the aggregate owns and invests on a discretionary basis at least \$10 million of securities of issuers that are not affiliated with the dealer, provided that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer;

(f) a client that is an investment company registered under the U.S. Investment Company Act, acting for its own account or for the accounts of other Qualified Institutions, that is part of a family of investment companies which own in the aggregate at least \$100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies and, for these purposes, "family of investment companies" means any two or more investment companies registered under the U.S. Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided, for these purposes:

(i) each series of a series company (as defined in Rule 18f-2 under the U.S. Investment Company Act) shall be deemed to be a separate investment company, and

(ii) investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

(g) a client, all of the equity owners of which are Qualified Institutions, acting for its own account or the accounts of other Qualified Institutions;

(h) a client that is a bank as defined in section 3(a)(2) of the U.S. Securities Act of 1933, or any savings and loan institution or other institution as referenced in section 3(a)(5)(A) of the U.S. Securities Act of 1933, acting for its own account or the accounts of other Qualified Institutions, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least \$25 million; and

(i) a client that enters an order through an Order Execution Account. “Order-Execution Account” means the account of a client of a subscriber in respect of which the subscriber is exempted, in whole or in part, from making a determination on the suitability of trades for the client in accordance with the requirements of a securities regulatory authority or a recognized self-regulatory organization.

Interpretation

For purposes of the interpreting the definition of eligible client under this Policy:

1. In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.
2. The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value and no current information with respect to the cost of those securities has been published and in the latter event, the securities may be valued at market.

In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the discretion of the entity, except that, unless the entity is a reporting company under section 13 or 15(d) of the U.S. Securities Exchange Act, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

Conditions for Connection

A subscriber may transmit orders received electronically from an eligible client directly to the trading system provided that the subscriber has:

(a) obtained prior written approval of Omega that the system of the subscriber meets the prescribed conditions (which are described below under the sub-heading “System Requirements”);

(b) obtained prior written approval of Omega for a standard form of agreement containing the prescribed conditions (which are described below under the sub-heading “Standard Form of Agreement”) to be entered into between the subscriber and an eligible client and the subscriber has entered into an agreement in such form with the eligible client; and

(c) met such other conditions as prescribed by Omega (which are described below under the sub-headings “Other Requirements” and “Order Execution Account Requirements”).

These orders can be transmitted through the infrastructure of a subscriber or through a third-party system contracted by the subscriber and approved by Omega.

System Requirements

The system of the subscriber is required to:

(a) support compliance with Omega requirements dealing with the entry and trading of orders by all eligible clients who will have direct access (for example, it must support all valid order information that may be required, including designation of short sales);

(b) ensure security of access to the system (for example, through a password that will only enable persons at the eligible client authorized by the subscriber to have access to the system);

(c) comply with specific requirements prescribed under this Policy, including a facility to receive an immediate report of, or to view on a real time basis, of the entry or execution of orders;

(d) enable the subscriber to employ order parameters or filters (which parameters can be customized for each eligible client on the system) that will reject orders over a certain size or value, or route these orders to the subscriber’s trading desk; and

(e) enable the subscriber, on a real time basis, to know the identity of an eligible client who has entered an unattributed order.

Standard Form of Agreement

The agreement between the subscriber and the client shall provide that:

- (a) the eligible client is authorized to connect to the subscriber's order routing system¹;
- (b) the eligible client shall enter orders in compliance with Omega's requirements respecting the entry and trading of orders and other applicable regulatory requirements;
- (c) specific parameters defining the orders that may be entered by the eligible client are stated, including restriction to specific securities or size of orders;
- (d) the subscriber has the right to reject an order for any reason;
- (e) the subscriber has the right to change or remove an order in the Omega book and has the right to cancel any trade made by the eligible client for any reason;
- (f) the subscriber has the right to discontinue accepting orders from the eligible client at any time without notice;
- (g) the subscriber agrees to train the eligible client in Omega's requirements dealing with the entry and trading of orders and other applicable Omega requirements; and
- (h) the subscriber accepts the responsibility to ensure that revisions and updates to Omega's requirements relating to the entry and trading of orders are promptly communicated to the eligible client.

Please note that any changes required to modify an existing standard form of dealer-sponsored access agreement may be agreed with the client in a separate document.

Other Requirements

The following additional conditions shall apply:

1. Any changes to the standard system interconnect agreement shall be approved by Omega in writing before becoming effective.²

¹ Please note that Omega ATS does not currently support an eVWAP Facility or the POSIT Call Market and so eligible clients connected only to such facilities will not automatically be eligible for routing orders to Omega.

2. If required by the terms of the agreement between the eligible client and the subscriber, the subscriber shall ensure that its eligible clients are trained in the appropriate Omega trading rules, as well as the use of the terminal and system. Training materials regarding Omega trading rules that the subscriber proposes to use must be reviewed by Omega prior to use.³
3. The subscriber shall have the ability to receive an immediate report of, or to view on a real time basis, the entry or execution of orders. The subscriber shall have the capability of rejecting orders that do not fall within the designated parameters of authorized orders for a particular client.
4. The subscriber shall designate a specific person as being responsible for the system interconnect. Orders executed through system interconnects shall be reviewed for compliance and credit purposes daily by such designated person of the subscriber.
5. The subscriber shall have procedures in place to ensure that only eligible clients use system interconnects and that such eligible clients can comply with Omega requirements and other applicable regulatory requirements. The eligibility of eligible clients using system interconnects shall be reviewed at least annually by the subscriber.
6. The subscriber shall make available for review by Omega, as required from time to time, copies of the system interconnect agreements between the subscriber and its eligible clients.

Order Execution Account Requirements

If the standard form of agreement contemplated above is between a subscriber and a client in respect of an Order-Execution Account, the agreement:

- (a) may be in written form or be in the form of a written or electronic notice acknowledged by the client prior to the entry of the initial order in respect of such Order-Execution Account; and

² It is Omega's intention to adopt standard industry interconnect arrangements, unless the nature of trading conditions on Omega specifically requires otherwise.

³ Any materials taken directly from www.omegaats.com may be used for these purposes without Omega's further consent.

(b) may omit provisions that would otherwise be required by clauses (c), (g) and (h) referred to above under the sub-heading “Standard Form of Agreement” if the order routing system of the subscriber:

(i) enforces the Omega requirements relating to the entry of orders, or

(ii) routes orders that do not comply with Omega requirements relating to the entry of orders to a trader specifically designated by the subscriber to trade on Omega for review prior to entry to the trading system.

Responsibility of Subscribers

A subscriber which enters into an agreement with a client to transmit orders received from the client in accordance with the terms of this Policy shall:

(a) be responsible for compliance with Omega requirements with respect to the entry and execution of orders transmitted by eligible customers through the subscriber; and

(b) provide Omega with prior written notification of the individual appointed to be responsible for such compliance.