The Brave New World of Flat Trading Fees

Omega ATS is moving to a flat fee per trade. For ALL trading in TSX and TSX V equities on Omega, we will charge a flat **7 cents per trade execution** to the active (taker) side.

This means you pay 7 cents for executing a marketable order, whether the fill is for 100 shares, 1,000 shares, 10,000 shares, 100,000 shares or even 1,000,000 shares. Even if you receive multiple minimum board lot fills, your cost can never be greater than $0.0007 per share.

Other marketplaces charge on a fee-per-share basis. At the minimum board-lot size, our new pricing is 76% lower than the next best priced marketplace and 98% lower than the highest. At a trade of three board lots, our pricing is 98% lower than the next best and 99.8% lower than the highest priced.

Put another way, when executing an average order size of 350 shares, you will pay 14 to 18 times more on the other visible marketplaces than on Omega.

Why are we doing this? If you have a moment, you can read our five reasons at the bottom of this e-mail.

This change becomes effective July 1st. We know our dealer clients often need one or two monthly cycles of internal meetings to assess marketplace pricing changes and adjust their active routing preferences accordingly. Although all of our clients will benefit, our new pricing offers the greatest cost savings to those dealers that adjust their active routing preference ("tie table") to rank Omega #1.

So we invite our dealer clients and prospects to join us in this making this brave new world a reality.

Sincerely,

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Our Five Reasons for going "Flat Fee"

First, when we adopted a flat fee model for penny stocks, clients really liked the **predictability of execution cost**. Charging a per-share fee means that dealers are exposed to the risk of paying hundreds of dollars per trade on larger volume (but low principal value) penny stock trades. On Omega, you'll always pay a flat fee regardless of the volume of the trade.

Second, our clients have to do extra work tracking execution costs for over-$1 stocks versus penny stocks. A trade is a trade, and so a **simplified across-the-board fee** makes the most sense for them.

Third, many of **our dealer clients internally cost their trading activity by transaction**, not volume traded. So they pay their settlements-providers (and, for some, their carrying brokers) a fee per "ticket" and they pay CDS a fee per "line". And most retail brokerage relationships cap the clients' fees per trade, not per share executed. So our pricing model fits right into the costing model used by our clients.

Fourth, we realized that paying rebates to our liquidity providers muddled the message that we are an efficient, low-cost processor of trade executions. The reason that message got muddled is that to pay any rebate to one side of the trade, you have to charge that much more to the active side. But regardless of how little we netted from the active (take) fee, our active fee hurt one side and did not seem to motivate the other side enough to compensate. This model may work for other marketplaces, but the liquidity providers we have been talking to are motivated largely by the quality of execution (*i.e.,* the fill rate), not by how much of a rebate is paid. They have been telling us "fix your trade-through problem, and then we'll be there", and with recent additions to Omega now ramping up their connectivity, our trade-through rate will come down. So we have **abandoned the rebate model** and our liquidity providers will now trade for free rather than get paid for their order flow.

Finally, since we are nothing more than an electronic processing utility, we realized that **our economic unit of activity is the transaction**. It costs us the same to process a trade between two counterparties for 100 shares as it does a trade for 100,000 shares (extra zeroes do not use-up extra resources). You wouldn't expect your bank's ATM to charge you $1.00 to withdraw $20, and $10.00 to withdraw $200, so why should a marketplace charge by volume transacted?

Remember: if one marketplace is showing the best price, you have no choice where to trade; if multiple marketplaces are showing the best price, you *do* have the choice where to trade. Regain power over your active order flow by routing it first to Omega.