

MESSAGE FROM THE CEO **Year 3 Report Card**

On November 7th, 2011 Alpha celebrated its 3rd anniversary of being in operation. In keeping with the previous two years, this is an opportunity for me to look back over the past year and to share with you some thoughts about the future.

A Year Rich in Developments

The end of 2010 saw the multiple rumors about orders being inappropriately routed to Alpha come to an end without any issues being identified or raised, completely in line with our expectations. While these rumors clearly impacted our growth trajectory during the second half of 2010, the first quarter of 2011 saw Alpha resume its growth path with considerable results, particularly in its TSX-V listed securities segment.

With real prospects for further growth on the horizon, the announcement of Maple, and the uncertainty it created with respect to the way Alpha would evolve post an acquisition and merger with TMX, created a climate of uncertainty amongst many industry stakeholders. Consequently, in such a climate, these growth prospects were stifled: a rather typical situation under such circumstances.

Nevertheless, as indicated in Diagram 1 below, Alpha managed to finish its 3rd year of operation with volume growth in all of its trading segments and an overall market share growth to just below 20%.

A steady-state market share did not prevent us however from actively fostering innovation and change to the Canadian market.

The Alpha IntraSpread™

A key event in 2011 was the launch of our Dark Pool, the Alpha IntraSpread™. By leveraging a uniquely retail-focused and 'information leakage'-proof model, not only did our Dark Pool rapidly acquire substantial market share but it also unlocked dark trading as a whole in Canada. The Alpha IntraSpread™ re-energized the debate about dark trading and, as demonstrated by the most recent series of comments with respect to Regulators' initiatives in this space, it led to the realization, by what is now a majority of Canadian industry stakeholders, that dark trading is a prerequisite for any successful Capital Market in today's world.

As I have mentioned on numerous occasions, I am extremely worried however about the direction Regulators may want to take in this space. By imposing dark order size and price improvement

Diagram 1: Alpha Market Statistics

	Total Volume in Shares Traded		Market Share vs. other Canadian Markets	
	Nov. 2009 - Oct. 2010	Nov. 2010 - Oct. 2011	Nov. 2009 - Oct. 2010	Nov. 2010 - Oct. 2011
TSX Listed	34,343,585,082	37,691,853,018	23.3%	21.7%
TSX-V Listed	6,700,571,296	13,922,014,127	9.7%	15.4%
Debentures	435,621,021	1,191,177,270	6.5%	15.5%
Total	41,479,777,399	52,805,044,415	18.6%	19.4%

MONTHLY TRADE STATS ON INSIDE ALPHA

November 2011

	TSX LISTED*	TSX-V LISTED*	DEBENTURES	ALL LISTED SECURITIES
Volume	2,910,503,423	737,118,037	67,176,700	3,714,798,160
Trades	6,443,507	220,306	6,683	6,670,496
Value	\$31,806,204,689	\$327,264,659	\$66,296,451	32,199,765,799
Average Daily Volume	132,295,610	33,505,365	3,053,486	168,854,462
Average Daily Trades	292,887	10,014	304	303,204
Average Daily Value	\$1,445,736,577	14,875,666	\$3,013,475	\$1,463,625,718
Alpha ATS Market Share				
Volume	22.2%	15.1%	8.2%	19.7%
Trades	19.4%	20.1%	16.9%	19.4%
Value	17.9%	13.5%	7.4%	17.8%

*Excludes Debentures

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MESSAGE FROM THE CEO *Continued...*

constraints that go beyond what is in practice today, dark trading in Canada will be adversely impacted. Retail investors, whose orders managed to find a safe harbor in a platform such as the Alpha IntraSpread™, will bear the consequences.

While I do fully understand Regulators' concerns about the impact that dark trading may have on price discovery and on the execution of orders resting on lit markets, statistical analysis that starts to emerge in the Canadian market indicates that these concerns are not supported by facts. For example:

- Fill rates of orders resting on lit markets have not deteriorated with the emergence and growth of dark pools in Canada, on the contrary; and
- Market spreads have not deteriorated.

Initial analysis also demonstrates that Dark Pools, and more specifically the Alpha IntraSpread™, have allowed marketable retail orders to trade at higher fill rates than they previously achieved on any lit market, while protecting them from multiple trades at different price levels.

In other words new liquidity has been injected in the Canadian market.

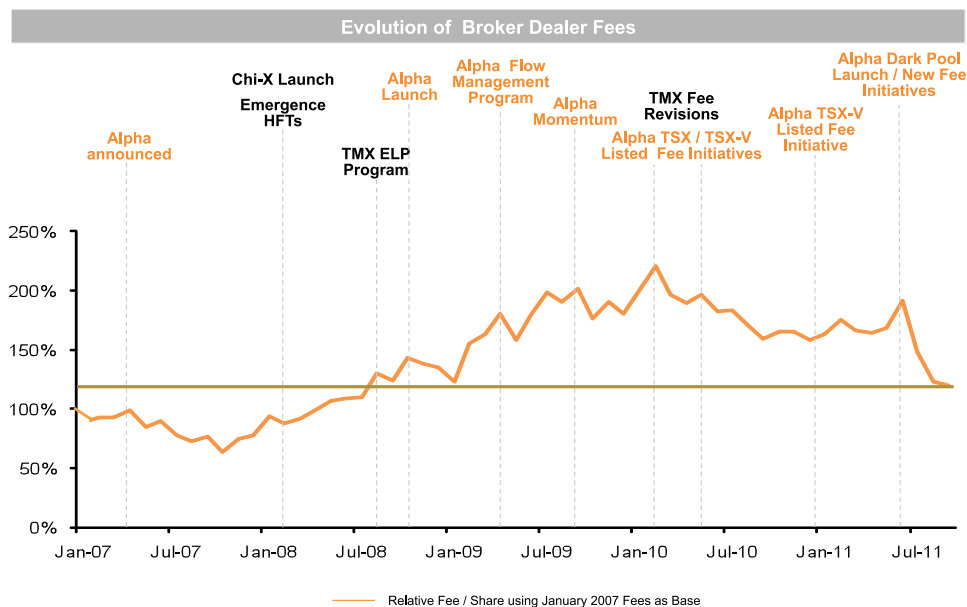
What I ask is not for the Regulators to agree with what many of us believe, but for them to take the time to perform a thorough analysis of the benefits and of the assumed negative consequences of dark trading as it occurs today.

Canada does not need to be the same as everyone else in the world. The direction we are taking with the short sell rule is a perfect example of this and I do commend the Regulators for following this solitary path. Their decision to do so was supported however with thorough research and analysis. Before we in Canada take a different direction regarding dark trading, I am asking that we do the same thorough research and analysis. The consequences of making a wrong decision will not only directly affect retail investors, but may impact the quality and efficiency of our market overall.

The Cost of Trading and Market Data in Canada

By being a catalyst, we now have in Canada a very efficient and competitive trading environment whereby dealers can easily transition their order flows across marketplaces and thereby benefit from the various propositions that each marketplace puts forward.

Diagram 2: Evolution Of Trading Fees For A Full-Service Canadian Broker-Dealer



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MESSAGE FROM THE CEO *Continued...*

It took us three years to get there but I am pleased to say “mission accomplished” with respect to our initial objectives in the trading space:

- The cost of trading for dealers taking full advantage of the multiple marketplace environment is back to what it was before the TMX launched its ELP program in 2008, as indicated in Diagram 2 below;
- Most dealers now have in place the technology infrastructure that allows them to move flows across marketplaces;
- Liquidity in Canadian markets is at its highest; and
- The volume traded in Canadian blue chips securities is slowly reverting back from US markets to Canadian markets.

The launch of the Alpha IntraSpread™ was no doubt the final component which enabled these results.

I cannot yet make the same “mission accomplished” statement with respect to the efficiency and cost of market data in Canada, but I am pleased to confirm some groundbreaking developments:

- The first discount brokerage platform using Alpha market data is operational;
- Several other discount brokers are actively working on putting in place solutions leveraging our market data; and
- We are running multiple pilots in the wealth management space assessing Alpha market data as the primary market data source for Canadian securities.

We still have a long way to go but we continue to make progress and it is just a matter of time before the Canadian market data challenge is tackled. I also continue to reiterate my call to the Regulators to consider a solution for Canada that is similar to the US with respect to the access to basic consolidated Canadian market data.

Exchange Status

After a long and fruitful application process initiated in April 2010, in early December we obtained our recognition as an Exchange from the Ontario Securities Commission. This is major milestone in our young life as an organization and it is our intent to stand up, as we did as an Alternative Trading System, to the new opportunities and challenges that come as an Exchange.

In the next couple of months our focus will be on closing the process with the exempting Regulators so we can provide our

exchange services across all Canadian provinces and territories, and on executing upon the required corporate restructuring.

We have put in place the technology and operations to support our new role, but I will refrain at this stage from commenting on our strategy until we get closer to the final launch date. What I can promise you however is that we will be focused, innovative and driven by the best interests of our newest community of stakeholders--the issuers.

Continuous Improvement and Renewal of Technology

Our 3rd year of operation was also another year of major developments from a technology perspective, working closely together with our various technology partners.

With respect to our core trading, market data and order routing platforms, not only did we deliver the Dark Pool, new order types and major order routing enhancements, but we also kept ourselves in place as a front-runner when it comes to providing low and predictable latency, complemented this year with a multicast solution for our market data. The latter non-functional improvements were the result of putting in place a brand new trading infrastructure at the beginning of our 3rd year of operation, the renewal of our operating software in the middle of the year and a full upgrade of our trading software at the end of the year.

In parallel to the work with respect to our core platforms, we have also implemented multiple systems to support our exchange operations and a new website which we will unveil the day that we become fully operational as an exchange.

Operational Excellence

From an operations perspective, of course I have to acknowledge the outage that struck us on December 6th. It was a difficult moment for me and our team; moreover it was a heavy burden on many of you. We had built, until then, a rather exceptional track record with 3 years of operation without any major outage.

We apologize, but I also strongly confirm that this has made us even stronger. We have learned a lesson the hard way and will do our utmost to avoid any similar situation in the future by further expanding the thoroughness of our testing.

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MESSAGE FROM THE CEO *Continued...*

I cannot let this occasion pass by without also putting the Alpha team in the spotlight for the way they handled this event. The quality and promptness of the decisions, the quality and transparency of the communications, and the relentless support to our clients are a clear statement of their skills, capabilities and of how much they care.

A few days before the outage, I saw the results of our annual Customer Satisfaction Survey where you acknowledged them in an exceptional way:

- The annual survey results were the best we ever obtained with an average score across all categories of 4.14 out of 5;
- We received multiple comments expressing appreciation about how we perform and how we have been improving over time; and
- For the first time a majority of responders indicated that our customer service is better or significantly better than that of our competitors.

And all of this with a team of 50 people...

Taking up our social role in the community

The last thoughts I would like to share about our 3rd year of operation relate to an incredible organization that is changing our world for the better and that we have decided to partner with: Free The Children.

Having met Marc Kielburger, one of the co-founders of Free The Children, several times now along with a number of his team

members, I have been and continue to be extremely impressed and inspired by:

- The values that they stand for;
- The results they have achieved domestically and internationally;
- The team and the care that transpires from everything they say and do;
- The focus they have on providing sustainability through their initiatives, not just financial help; and
- The focus they have on involving the youth in their initiatives and on shaping a new generation of givers.

As an organization, and as people who are part of that organization, Alpha has been blessed by the help and support that many have given us. Now the time has come for us to start to give back to the community in a much larger way and it rapidly became obvious to us that Free The Children was the organization with which to partner.

At our anniversary party we announced that Alpha, through Free the Children, is adopting a village in Kenya. Our ambition is to provide this village, Kipsongol, with a school, a clean water system, health care, alternative income opportunities and ultimately, with sustainability. Our objective is to make sure that, after a few years, they will be in a position to move forward independently, building their own future, and no longer needing outside help.

More activities and initiatives with Free The Children and around our village in Kenya will follow. I hope many of you will join us in supporting these endeavors.

Picture 1: Marc Kielburger presenting the village Alpha is adopting at our 3rd anniversary party



"Photo Credit: Diana Scott Photography"

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An Exciting Year Ahead of Us

Next year will no doubt be another year full of exciting developments, both predictable and unpredictable in nature. During this period our focus will be on two key areas.

The first is all about growing and expanding Alpha:

- Expanding and improving our existing services and offerings in the trading and market data space;
- Launching our listing business; and
- Assessing and developing our presence in some other unchartered territories.

The second is working with Maple to realize our shared vision of creating an integrated Canadian capital market service provider, a vision I believe in. While this vision faces some hurdles, I do not believe they are insurmountable. Combining the strengths of the

various stakeholders is a unique opportunity for the Canadian market. A chance like this will not come by a second time, as has been demonstrated in many other jurisdictions around the globe. The result of this vision will be to create a Canadian market that has an exceptional infrastructure, both efficient and competitive, to support its own needs and to strengthen its position globally.

Many thanks for all your support over the past year and on behalf of the entire Alpha team I wish you and all those dear to you a wonderful Holiday Season, and best wishes for a happy and healthy 2012.

Yours,

Jos



Competition promotes market quality, drives innovation, improves client servicing and lowers costs. Combining this vision with the strength of our people, technology and business model allows us to help redefine our entire industry. **Alpha Group. The Choice is Yours.**



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DEALER STATISTICS

Top 30 Brokers By Volume, November 2011

Rank	Member Name	Value	Volume	Trades
1	TD Securities Inc.	9,701,509,995	1,392,861,285	1,435,060
2	CIBC World Markets Inc.	12,417,771,258	1,167,810,635	3,281,208
3	RBC Capital Markets	9,829,451,881	977,900,244	1,171,179
4	JitneyTrade	2,995,102,199	958,700,279	815,685
5	BMO Nesbitt Burns Inc.	5,412,084,535	634,949,083	472,354
6	National Bank Financial Inc.	4,088,928,317	515,527,639	537,924
7	Merrill Lynch Canada Inc.	9,750,781,050	440,162,650	3,181,534
8	Scotia Capital Inc.	2,646,525,079	357,064,741	295,840
9	ITG Canada Corp.	1,442,335,406	104,978,575	399,041
10	Credit Suisse Securities (Canada) Inc.	1,095,032,472	67,584,024	384,746
11	Leede Financial Markets Inc.	13,392,848	65,136,200	5,789
12	Desjardins Securities Inc.	505,278,825	61,237,256	89,490
13	Canaccord Financial Ltd.	285,562,118	57,647,160	83,733
14	UBS Securities Canada Inc.	339,617,087	53,161,485	101,434
15	Dundee Securities Corporation	155,041,079	51,936,388	49,572
16	W.D. Latimer Co. Limited	32,825,036	39,387,803	12,333
17	Newedge Canada Inc	432,862,563	31,889,014	131,428
18	Independent Trading Group	181,085,820	31,840,830	35,325
19	Haywood Securities	36,962,202	31,511,773	15,849
20	Raymond James Ltd.	132,920,000	30,643,041	37,462
21	Morgan Stanley Canada Ltd.	520,087,813	29,219,800	184,315
22	GMP Securities L.P.	191,115,224	25,655,428	49,247
23	QUESTRADE Inc	75,904,338	21,670,296	18,091
24	BBS Securities Inc.	25,192,716	21,548,892	8,601
25	Commission Direct Inc.	253,897,864	19,333,348	50,336
26	Goldman Sachs Canda Inc.	265,266,609	19,193,713	74,530
27	Cormark	156,594,960	17,402,846	37,004
28	Wolverton Securities Ltd.	6,506,968	12,991,100	3,387
29	Maple Securities Canada Limited	139,415,060	12,949,000	15,449
30	HSBC Securities	70,351,689	12,558,700	18,708

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