

**SECURITIES AND EXCHANGE COMMISSION****ALTERNATIVE TRADING SYSTEM (ATS)  
INITIAL OPERATION REPORT  
(ATS FORM 2)****GENERAL INSTRUCTIONS**

1. The ATS Form 2 shall be used for reporting the ATS's initial operation and any succeeding changes thereto. The report on operation shall be captioned **ATS Form 2** and shall be submitted at least twenty (20) days prior to commencing operations as an ATS.
2. This form shall be signed by the ATS Operator's principal executive officer/president or persons performing similar functions.
3. The name of the person who signs this form shall be typed or printed beneath his signature. Any person who occupies more than one of the specified positions shall indicate the capacity in which he signs the registration statement. At least one copy of the documents filed shall be manually signed and the unsigned copies shall be conformed.
4. Incorporation by reference  
  
Any information required in the ATS Form may be incorporated by reference by indicating the exhibit number in which the information may be found. Each exhibit should be signed by the authorized officer of the registrant.
5. Exhibits  
  
For each Exhibit, include the name of the applicant/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 provide a description of the change and file a complete and updated Exhibit.
6. Five copies of the complete ATS Form 2 shall be filed, including exhibits and all other papers and documents filed as part thereof.

## SECURITIES AND EXCHANGE COMMISSION

### ALTERNATIVE TRADING SYSTEM (ATS) INITIAL OPERATION REPORT (ATS FORM 2)

#### PART I

#### Description of the Operation

1. Provide a description of the ATS' definitive operation taking into account the following items viz-a-viz the originally disclosed operation:
  - 1.1 Classes of subscribers (e.g., broker-dealer, institution, or retail). Also describe any difference in access to the services offered by the ATS to different groups or classes of subscribers.
  - 1.2 Types of securities the ATS trades (e.g., debt, equity, listed);
  - 1.3 Market structure of the ATS (e.g., call market, auction market, dealer market).
  - 1.4 The name of any person or company, other than the ATS, that are involved in the operation of the ATS, including the execution, trading, clearing and settling of transactions on behalf of the ATS. Provide a description of the role and responsibilities of each person or company.
  - 1.5 Details of the operation, as follows:
    - a. The manner of operation of the ATS.
    - b. Procedures governing entry of orders into the ATS.
    - c. The means of access to the ATS.
    - d. Fees charged by the ATS.
    - e. The procedures governing execution, reporting, clearance and settlement of transactions effected through the ATS.
    - f. Procedures for ensuring subscriber compliance with requirements of the ATS.
    - g. Safeguards and procedures implemented by the ATS to protect subscribers' trading information.
    - h. Training to be provided to users of the System and a copy of any materials provided.
  - 1.6 ATS' procedures for reviewing system capacity, security and contingency planning procedures;

- 1.7 Controls to be implemented to ensure the safety of the funds and securities;
- 1.8 Registered holders and beneficial owners of securities of the ATS;
- 1.9 Clearing and settlement procedures;
- 1.10 Material contracts executed by the ATS;
- 1.11 Compliance with the Anti-Money Laundering Law and its implementing rules and regulations including the adopted Manual of Procedures.
- 1.12 Daily trading summaries, in electronic form, including:
  - a. Type of securities for which transactions have been executed;
  - b. Transaction volume, expressed with respect to equity securities in:
    - i) Number of trades;
    - ii) Number of shares traded; and
    - iii) Total settlement value; and
  - c. Transaction volume, expressed with respect to debt securities in:
    - i) Number of trades; and
    - ii) Total value.
- 1.13 Time-sequenced records of order information in the ATS, including:
  - a) Date and time (expressed in terms of hours, minutes, and seconds) that the order was received;
  - b) Security code;
  - c) The number of shares or contracts, or the principal amount of fixed-income instruments to which the order applies;
  - d) The designation of the order as a buy or sell order;
  - e) The designation of the order as a short sale order;
  - f) The designation of the order as a market order, limit order, or other type of order;
  - g) The limit or stop price prescribed by the order;
  - h) The date on which the order expires and, if the time in force is less than one (1) day, the time when the order expires;
  - i) The time limit during which the order is in force;
  - j) Any instruction to modify or cancel the order;
  - k) The type of account, i.e., retail, wholesale, affiliate, proprietary, or any other type of account designated by the ATS, for which the order is submitted;

- l) Date and time (expressed in terms of hours, minutes, and seconds) that the order was executed;
- m) Price at which the order was executed;
- n) Size of the order executed (expressed in number of shares or units or principal amount); and Identity of the parties to the transaction.

**PART II**  
**EXHIBITS**

- 2. Submit the following:
  - 2.1 A copy of **any amended or additional** contract executed between the ATS and the regulation services provider.
  - 2.2 A copy of **any amended** constitution, including corporate by-laws and other similar documents, and all subsequent amendments.
  - 2.3 Other exhibits as maybe required by the Commission.

**SIGNATURE**

Pursuant to the requirements of the ATS Rules, this report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_, 20\_\_.

By:

\_\_\_\_\_  
Principal Executive Officer/President

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ 200\_\_ affiant. exhibiting to me his/their Residence Certificate with \_\_\_\_\_ issued at \_\_\_\_\_ on \_\_\_\_\_.

**Notary Public**