



British Columbia Securities Commission

Citation: 2016 BCSECCOM 318

Exemption Order

THOMSON REUTERS (SEF) LLC

Section 33(1) of the *Securities Act*, RSBC 1996, c418 (the Act)

Background

Thomson Reuters (SEF) LLC (TR SEF) has requested an order, pursuant to section 33(1) of the Act, exempting TR SEF from the requirement to be recognized as an exchange under section 25 of the Act;

Interpretation

Terms defined in the Act, National Instrument 14-101 *Definitions* and, National Instrument 21-101 – *Marketplace Operation* have the same meaning in this Exemption Order (the Order) unless otherwise defined herein.

Representations

TR SEF has represented to the Commission as follows:

- (a) TR SEF is an indirect wholly-owned subsidiary of Thomson Reuters Corporation. TR SEF was established to provide an appropriate swap execution facility (a SEF) platform for the execution of foreign exchange non-deliverable forwards and foreign exchange options, two kinds of instruments that are classified as swaps under Title VII of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, and are subject to the requirement of trading on a registered SEF.
- (b) TR SEF's trading platform contains an SEF central limit order book, an SEF request for quote platform and an SEF request for stream platform.
- (c) In the United States, TR SEF operates under the jurisdiction of the Commodity Futures Trading Commission (the CFTC) and has obtained registration with the CFTC to operate as a SEF.
- (d) On June 13, 2016 TR SEF was exempted from recognition as an exchange by the Ontario Securities Commission (the OSC).
- (e) TR SEF is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion



from the marketplace, and TR SEF has retained the National Futures Association as its regulatory services provider (RSP).

- (f) TR SEF agrees to the terms and conditions of this order.

Decision

Based on the representations TR SEF has made to the Commission, the Commission is satisfied that it would not be prejudicial to the public interest to exempt TR SEF from recognition as an exchange.

Under section 33(1) of the Act, the Commission orders that TR SEF is exempt from recognition as an exchange under subsection 25 of the Act provided TR SEF meets and continues to meet the following terms and conditions:

- (a) TR SEF will maintain its registration as a SEF with the CFTC and will continue to be subject to the regulatory oversight of the CFTC.
- (b) TR SEF will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.
- (c) TR SEF will continue to be exempted from recognition as an exchange by the OSC under the *Securities Act* (Ontario) and comply with the terms and conditions of an exemption order issued by the OSC.
- (d) TR SEF will notify the Commission promptly:
 - (i) if TR SEF's registration with the CFTC as a SEF is revoked, suspended or materially amended by the CFTC,
 - (ii) of any investigation of TR SEF of which TR SEF has knowledge by any regulatory authority with jurisdiction over TR SEF; and
 - (iii) of any disciplinary action against TR SEF by any regulatory authority with jurisdiction over TR SEF
- (e) TR SEF will only provide direct access to a person who has its head office or principal place of business in BC (a BC member) if the person qualifies as an eligible contract participant under the United States *Commodity Exchange Act*, as amended.
- (f) TR SEF will provide to its BC members disclosure that states that:
 - (i) rights and remedies against TR SEF may only be governed by the laws of the U.S., rather than the laws of BC and may be required to be pursued in the U.S. rather than in BC,



- (ii) the rules applicable to trading on TR SEF may be governed by the laws of the U.S., rather than the laws of BC, and
- (iii) TR SEF is regulated by the CFTC rather than the Commission.
- (g) TR SEF must make available to BC members appropriate training for each person who has access to trade on TR SEF's facilities.
- (h) TR SEF will provide the Commission with any information that the Commission may request.
- (i) TR SEF will file with the Commission on a quarterly basis, within 30 days of the end of each calendar quarter:
 - (i) a current list of all BC members, including their names and principal addresses,
 - (ii) a list of all products available for trading during the quarter, identifying any additions, deletions, or changes since the prior quarter,
 - (iii) for each product,
 - (A) the total trading volume and value originating from BC members during the quarter, presented on a per BC member basis, and
 - (B) the proportion of worldwide trading volume and value on TR SEF conducted by BC members during the quarter, presented in the aggregate for such BC members,
 - (iv) a list of all BC members that against whom disciplinary actions has been taken during the last quarter by TR SEF or its RSP, acting on behalf of TR SEF,
 - (v) a list of all active investigations of BC members by TR, SEF, or its RSP acting on behalf of TR SEF, during the last quarter, and
 - (vi) a list of all persons that sought TR SEF's approval to be a BC member but were denied access to trade on TR SEF's platforms during the last quarter, with the reasons for each denial.
- (j) TR SEF will appoint an agent for service in BC and will file with the Commission a valid and binding appointment of that agent for service in BC upon whom the Commission may serve a notice, pleading, subpoena,



summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of TR SEF's activities in the form attached as Appendix A.

September 23, 2016

Nigel Cave
Vice-chair
British Columbia Securities Commission



Appendix A

FORM - APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

1. Name of exchange (the Exchange):

2. Jurisdiction of incorporation, or equivalent, of the Exchange:

3. Address of principal place of business of the Exchange:

4. Name of the agent for service of process for the Exchange (the Agent):

5. Address of Agent for service of process in British Columbia:

6. The Exchange designates and appoints the Agent as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the activities of the Exchange in British Columbia. The Exchange hereby irrevocably waives any right to challenge service upon its Agent as not binding upon the Exchange.

7. The Exchange shall file an amended appointment of agent for service of process at least 30 days before any change in the name or above address of the Agent.

8. This appointment of agent for service of process shall be governed by and construed in accordance with the laws of British Columbia.

Dated: _____

Signature of the Exchange

Print name and title of signing officer of the Exchange



AGENT - CONSENT TO ACT AS AGENT FOR SERVICE

I, _____ (name of Agent in full; if Corporation, full Corporate name) of _____ (business address), hereby accept the appointment as agent for service of process of _____ (insert name of Exchange) and hereby consent to act as agent for service pursuant to the terms of the appointment executed by _____ (insert name of Exchange) on _____ (insert date).

Dated: _____

Signature of Agent

Print name of person signing and, if Agent is not an individual, the title of the person