

Exemption Order

Coinsquare Capital Markets Ltd.

Section 33(1) of the Securities Act, RSBC 1996, c. 418 (the Act)

Background

1. Coinsquare Capital Markets Ltd. (the **Applicant**) has requested an order, pursuant to subsection 33(1) of the Act exempting it from the requirement to be recognized as a clearing agency under section 25 of the Act and, pursuant to section 6.1(1) of National Instrument 24-102 *Clearing Agency Requirements* (**NI 24-102**), the clearing agency requirements (the exemptions being referred to collectively herein as the “**Exemptions**”).

Interpretation

2. Terms defined in the Act or National Instrument 14-101 *Definitions* have the same meanings in this exemption order (the **Order**) unless otherwise defined herein.

Representations

3. The Applicant has represented to the British Columbia Securities Commission (the **Commission**) as follows:
 - (a) the Applicant will operate a marketplace platform (the **Marketplace**) in British Columbia to match orders to trade contracts or instruments that provide clients with contractual rights relating to crypto assets such as Bitcoin or Ethereum (**Crypto Contracts**);
 - (b) Crypto Contracts resulting from trades on the Marketplace are derivatives under the Act;
 - (c) as a result of: (i) enabling the substitution of the credit of the person for the credit of a party to a derivative through a novation or otherwise; and (ii) arranging for or providing, on a multilateral basis, the settlement or netting of obligations resulting from a derivative or a trade in a derivative, the Applicant will carry on business as a clearing agency in the province of British Columbia; and
 - (d) the Applicant will apply policies and procedures to ensure that it has appropriate controls to mitigate risks relating to its clearing and settlement activities, including, but not limited to, controls that ensure that the Applicant will fulfill its obligations under Crypto Contracts.

Decision

4. Based on representations of the Applicant, the Commission is satisfied that it would not be prejudicial to the public interest to grant the Exemptions provided the Applicant meets and continues to meet the following terms and conditions:
 - (a) the Applicant continues to be a dealer and marketplace member of IIROC;
 - (b) the Applicant promptly advises the Commission of any material failure by the Applicant to fulfill its obligations to clear and settle a Crypto Contract.
 - (c) This Decision expire two years from the date of this decision.
 - (d) This Decision may be amended by the Commission upon prior written notice to the Filer in accordance with applicable securities legislation.

Date: October 7, 2022

"Brenda M. Leong"

Brenda M. Leong
Chair