

2025 BCSECCOM 15

## **Exemption Order**

### **GLMX Technologies, LLC**

#### **Section 33(1) of the *Securities Act*, R.S.B.C. 1996**

#### **¶ 1 Background**

1. Pursuant to a decision dated October 6, 2021 cited as Re GLMX Technologies, LLC, 2021 ABASC 159 (the Previous Decision) issued by the Ontario Securities Commission (OSC), as principal exempting regulator under National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions (NP 11-203) GLMX Technologies, LLC (GLMX) operates a trading platform (the Platform) to facilitate the negotiation of securities financing transactions pursuant to relief from certain requirements under applicable securities legislation.
2. On July 7, 2023 GLMX filed an application (the Initial Application) with the OSC as principal exempting regulator under NP 11-203 to:
  - (a) expand the collateral eligible to be posted in connection with securities financing transactions negotiated on the Platform to include debt and equity securities issued by Canadian non-government issuers;
  - (b) allow the negotiation of purchases and sales by subscribers on the Platform of commercial paper, money market mutual funds, US treasuries, US agencies, foreign sovereign debt, sub-sovereign debt, supranational debt, tender option bonds, time deposits, certificates of deposit and total return swaps (TRS); and
  - (c) provide relief from prospectus and registration requirements.
3. The OSC, as the principal regulator for GLMX, has amended and restated the Previous Decision to reflect the changes outlined in paragraph 2 in the variation of decision dated December 16, 2024 (the Amended Decision).
4. In addition to the exemptive relief provided to GLMX under the Amended Decision, further exemptive relief will be required in B.C. as the definitions of “alternative trading system” and “marketplace” in National Instrument 21-101 Marketplace Operation (NI 21-101) refer solely to securities and not derivatives.
5. GLMX by offering TRS on the Platform will be carrying on business as an exchange in B.C.
6. An application has been made to exempt GLMX Technologies, LLC (GLMX), under section 33(1) of the *Securities Act* (British Columbia) (the Act), from the requirements of:

- (a) section 25 of the Act;
- (b) National Instrument 21-101 *Marketplace Operation* (NI 21-101);
- (c) National Instrument 23-101 *Trading Rules* (NI 23-101); and
- (d) National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (NI23-103).

(collectively the Requested Relief)

## ¶ 2 Interpretation

Terms defined in the Act, National Instrument 14-101 *Definitions*, NI 21-101, NI 23-101, NI23-103 and Multilateral Instrument 91-101 *Derivatives: Product Determination* have the same meaning if used in this decision, unless otherwise defined.

## ¶ 3 Representations

This decision is based on the following representations of the GLMX:

1. GLMX is a private limited liability company incorporated under the laws of Delaware whose registered and head office is at 330 Seventh Avenue, Floor 17, New York, New York, United States of America.
2. GLMX is an wholly owned subsidiary of Global Liquid Markets, LLC (GLM). GLM is a holding company for various GLMX entities. GLM has three subsidiaries: GLMX, GLMX, LLC, and GLMX Europe Limited. GLMX, LLC licenses the Platform to GLMX and GLMX operates and maintains it.
3. GLMX does not have any offices or maintain other physical installations in Alberta, British Columbia (B.C.), Nova Scotia, Ontario, Québec or any other Canadian province or territory.
4. Persons who have been granted direct trading access to GLMX's trading platform (subscribers) are institutional counterparties that have pre-existing contractual relationships with each other. Each subscriber with its head office or principal place of business in B.C. is a non-individual "permitted client" as that term is defined in National Instrument 31 103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31 103).
5. GLMX was formed in June 2017. It is registered as an alternative trading system (ATS) and a broker-dealer registered with the Securities and Exchange Commission (SEC) pursuant to section 15 of the Securities Exchange Act of 1934, as amended,

(Exchange Act). GLMX is also a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation.

6. GLMX, and its operation of the Platform, is subject to a comprehensive regulatory regime in the US. GLMX operates as an ATS and a broker-dealer registered with the SEC. GLMX is regulated by the SEC and FINRA as a broker-dealer and an ATS. The SEC and FINRA fulfil their regulatory responsibilities within the framework established by the Exchange Act and FINRA member rules.
7. In 2023 the SEC adopted rules for the registration and regulation of security-based swaps execution facilities (SBSEFs). GLMX is in the process seeking registration as a SBSEF with the SEC.
8. GLMX currently operates a platform that allows its subscribers to execute certain transactions such as repurchase and reverse purchase transactions, securities lending arrangements, sale/buy back agreements and margin lending (collectively, SFTs) between institutional counterparties that have pre-existing contractual relationships with each other.
9. GLMX has received authorization from FINRA to allow its subscribers to execute transactions in relation to additional products on the Platform. These products include commercial paper, money market mutual funds, US Treasuries, US agencies, foreign sovereign debt, sub-sovereign debt, supranational debt, tender option bonds, and TRS.
10. GLMX will also allow for its subscribers to transact certificates of deposit and time deposits, which are not regulated by FINRA and are not subject to direct regulation under US securities law;
11. GLMX is also proposing to expand the types of securities that are eligible collateral for transactions executed on the Platform to include Canadian Securities including Canadian Non-Government Securities.
12. GLMX supports request-for-quote negotiation protocols that may be used to negotiate, but not legally execute, trades in TRS.
13. Prior to getting access to the Platform to make a request for quote in relation to a TRS, a subscriber must sign an agreement (Subscription Online Services Agreement) with GLMX that covers, among other things, obligations of the subscriber, and termination events.
14. Each subscriber identifies to GLMX, by name, each employee or contractor of the subscriber that is authorized to use the Platform (named users). The named users are the only individuals within the subscriber licensed to access and use the Platform (Online Service).
15. GLMX will provide each subscriber with access to the Online Service through a web based interface that can only be accessed when GLMX white-lists the subscriber's IP

addresses. GLMX will provide each named user a unique username and password to enable such named user to access the Online Service.

16. Once a trade is mutually agreed and completed, the Platform will send trade details to the subscribers that are counterparties to the trade. Subscribers, independently and in advance, notify GLMX that they are properly documented with and able to trade with specific counterparties prior to engaging in transactions with that counterparty. GLMX is not a party to a trade and is not involved in the direct execution or clearing and settlement.
17. GLMX proposes to offer direct access to the Platform to prospective subscribers in B.C. to facilitate trades (Direct Access). Access to the Platform will be limited to Canadian Subscribers who meet GLMX's eligibility criteria. Subscribers generally fall into the following categories: large multi-national bank; insurance company; US registered investment company; derivatives dealer; and/or any other person (whether a corporation, partnership, trust or otherwise) with total assets of at least US\$50 million which can include pension funds and hedge funds.
18. GLMX will not provide Direct Access to a subscriber whose head office or principal place of business is in B.C. (B.C. Subscriber) unless the B.C. subscriber is a registrant in B.C. or exempt from or not subject to registration under the Act.
19. Once a B.C. Subscriber demonstrates that it satisfies GLMX's eligibility criteria, the B.C. Subscriber must execute a Subscription Online Services Agreement in which the prospective subscriber agrees to use the Online Service and the related user documentation only in the ordinary course of its own business for its own internal use and remain, at all times, a registrant in B.C. or exempt from or not subject to registration under the Act.
20. Under the Subscription Online Services Agreement, a B.C. Subscriber and its affiliates constitute a "Subscriber Group" and the Subscriber Group will authorize named users (Named Users) who are the only persons authorized to use the Online Service. The Subscriber Group's right to use the Online Service is conditioned upon Subscriber Group obtaining and maintaining all government, legal and regulatory approvals, consents, authorizations, registrations, permits and licenses required for the conduct of its activities and its use of the Online Services and using the Online Service only in compliance with applicable law.
21. GLMX has determined that it may be subject to dealer registration under the Act . In respect of its trades in securities, it proposes to rely on the "international dealer exemption" under section 8.18 of NI 31-103, the "specified debt exemption" under section 8.21 of NI 31-103 and, in respect of securities that do not meet the conditions in section 8.18 or 8.21 of NI 31-103, Amended Exemption. In respect of OTC derivatives, GLMX proposes to rely on exemptive relief in B.C. Instrument 91-501 *Over-the-Counter Derivatives* and on the specified debt exemption under section 8.21 of NI 31-103.

22. Trades negotiated on the Platform by a B.C. Subscriber will be cleared and settled through clearing arrangements used outside of the Platform by the B.C. Subscriber.
23. GLMX is not in default of securities legislation in any jurisdiction of Canada.

#### ¶ 4 Order

Based on the representations that GLMX provided and considering that to do so would not be prejudicial to the public interest, the Commission grants the Requested Relief, on the following terms and conditions:

##### *General*

1. GLMX will maintain its registration, in good standing and in all material respects, as an ATS, a broker-dealer and, as applicable, a SBSEF with the SEC and to continue to be subject to the regulatory oversight of SEC.
2. GLMX will maintain its membership, in good standing and in all material respects, with FINRA and to continue to be subject to the regulatory oversight of FINRA.
3. GLMX will comply with all requirements applicable to it as an ATS and, as applicable, a SBSEF registered by SEC.
4. GLMX will comply with all requirements applicable to it as a broker-dealer registered by SEC.
5. GLMX will comply with all requirements applicable to it as a member of FINRA.
6. GLMX will be registered in an appropriate category or rely on an exemption from registration under Canadian securities legislation.
7. GLMX will not provide, and will take reasonable steps to prevent third parties from providing, Direct Access to persons in B.C. other than B.C. Subscribers.
8. GLMX will not to provide Direct Access to a B.C. Subscriber unless the B.C. Subscriber satisfies GLMX's eligibility criteria, including among other things, that the B.C. Subscriber is a non-individual "permitted client" as that term is defined in NI 31-103 (a qualifying permitted client).
9. GLMX will require each B.C. Subscriber that has Direct Access to provide prompt notification to the GLMX if they are no longer a is a qualifying permitted client.
10. GLMX will not provide Direct Access to a B.C. Subscriber to trade in derivatives other than the TRS, without prior Commission approval.

11. GLMX will make available to B.C. Subscribers appropriate training for each person who has access to the Platform.
12. GLMX will only permit B.C. Subscribers to negotiate trades in the types and categories of TRS which are permitted to be traded under applicable US securities laws and regulations or to which those laws and regulations do not apply.
13. GLMX will require each B.C. Subscriber that is not registered with the Commission as a dealer to file with GLMX:
  - (a) a written representation, executed by a person with the authority to bind the B.C. Subscriber, stating that as long as the B.C. Subscriber is granted access to the Platform, the B.C. Subscriber agrees to and submits to the jurisdiction of the Commission with respect to activities conducted pursuant to the Order; and
  - (b) a written undertaking, executed by a person with the authority to bind the B.C. Subscriber, stating that the B.C. Subscriber will provide promptly to the Commission such information as the Commission may request, and access to all premises in or from which the B.C. Subscriber operates.
14. GLMX will require each B.C. Subscriber to confirm in writing to GLMX that the B.C. Subscriber understands that:
  - (a) the B.C. Subscriber may be unable to enforce any legal rights against GLMX or any of its directors, officers, employees or agents as they are a resident outside of B.C. and all or substantially all of their assets are situated outside of B.C.;
  - (b) GLMX is subject to primary regulatory oversight by its home jurisdiction under the regulatory regime of that jurisdiction which may not be equivalent in all respects to the regulatory regime administered by the Commission.
15. GLMX will file with the Commission a document evidencing GLMX's submission to the non-exclusive jurisdiction of the courts and administrative tribunals of B.C. in any proceeding arising out of, related to, concerning, or in any other manner connected with, GLMX carrying on business as an exchange in B.C.
16. GLMX will file with the Commission a valid and binding appointment of an agent for service in B.C. 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, relating to, concerning, or in any other manner connected with, GLMX carrying on business as an exchange in B.C.
17. GLMX will promptly provide the Commission with any information or data, including without limitation, data or information relating to trading activity on the Platform, that a Commission representative may request.
18. GLMX will employ reasonable procedures for monitoring and enforcing compliance with these terms and conditions.

19. GLMX will cooperate with the Commission with respect to arrangements established to address cross-market oversight issues, including surveillance, emergency actions and the monitoring of trading.
20. GLMX will ensure the representations herein remain accurate in all material respects except as reported to the Commission under section 21(g) of these terms and conditions.

#### *Reporting*

21. GLMX will promptly notify staff of the Commission of any of the following:
  - (a) if its status in the home jurisdiction has been revoked, suspended, or amended, or the basis on which its status has significantly changed;
  - (b) any material change to its business or operations or the information provided in the Application, including, but not limited to:
    - (i) changes to its regulatory oversight;
    - (ii) the access model, including eligibility criteria, for B.C. Subscribers;
    - (iii) systems and technology;
    - (iv) its clearing and settlement arrangements;
  - (c) any material change in its regulations or the laws, rules, and regulations in the home jurisdiction relevant to the products traded;
  - (d) any known investigations of, or regulatory action against, GLMX by the regulator in the home jurisdiction or any other regulatory authority to which it is subject;
  - (e) any matter known to GLMX that may affect its financial or operational viability, including, but not limited to, any significant system failure or interruption;
  - (f) any default, insolvency, or bankruptcy of any subscriber known to GLMX or its representatives that may have a material, adverse impact upon the Platform, GLMX or any B.C. Subscriber;
  - (g) any change that may materially affect the accuracy of the representations.
22. GLMX will maintain the following updated information and submit such information in a manner and form acceptable to staff of the Commission on a semi-annual basis (within 30 days of the end of each six-month period), and at any time promptly upon the request of staff of the Commission:
  - (a) a statement, setting out for each type of TRS:

- (i) the total trading volume and notional value for each month in the relevant six month period for each B.C. Subscriber;
  - (ii) the proportion of worldwide trading volume and notional value on the Platform that is conducted by B.C. Subscribers for each month in the relevant six month period.
- (b) a current list (including the names and principal addresses) of all B.C. Subscribers that have Direct Access, specifically identifying, for each B.C. Subscriber, the basis upon which it represented to GLMX that it is a qualifying permitted client;
  - (c) the legal entity identifier assigned to each B.C. Subscriber in accordance with the standards set by the Global Legal Entity Identifier System of the Regulatory Oversight Committee;
  - (d) a list of all TRS available on the Platform during the six month period, identifying any additions, deletions or changes since the previous reporting period;
  - (e) a list of any system outages that occurred for any system impacting B.C. subscribers' trading activity on the Platform which were reported to the regulator in the home jurisdiction;
  - (f) a list of all applicants for status as a subscriber who were denied such status or access or who had such status or access revoked during the period:
    - (i) for those applicants for status as a subscriber was denied and who had their head office or principal place of business in B.C., an explanation as to why the application was denied;
    - (ii) for those subscribers who had their status revoked, an explanation as to why their status was revoked.

*Expiration*

23. This order will expire on the date which is five years from the date of this order.

January 10, 2025

*"Brenda Leong"*

Brenda M. Leong  
Chair and CEO  
British Columbia Securities Commission