



BC Notice 2021/02

### **Clarification of Requirements for Crypto Asset Trading Platforms**

**Vancouver** – The purpose of this notice is to clarify expectations for crypto asset trading platforms (platforms) operating in British Columbia in light of Joint Staff Notice 21-329, *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* (CSA Staff Notice 21-329), issued March 29 by the Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC).

Platforms headquartered in British Columbia that facilitate trading in crypto assets that are securities or derivatives, or in instruments or contracts based on crypto assets, are expected to immediately start engaging with the BCSC to obtain appropriate regulatory authorization, if they have not done so already. For more information relating to the circumstances in which a platform is required to obtain authorization from the BCSC to operate, see also CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets*. If a platform operating in British Columbia is headquartered in another Canadian province or territory, the platform is expected to communicate with its principal securities regulator in that jurisdiction. If the platform is not based in Canada but it is dealing with Canadians, it should reach out to the Canadian jurisdiction that it has the most significant connection with.

The BCSC remains flexible and will consider a range of potential regulatory solutions to find an appropriate solution for each platform. One option is pursuing membership with IIROC; the BCSC will also consider other regulatory arrangements where warranted, such as tailored exemptive relief, that do not require IIROC membership.

Platforms operating in British Columbia should consult with their legal counsel and contact the BCSC on the appropriate steps to comply with securities legislation, as applicable.

CSA Staff Notice 21-329 provides guidance on securities law requirements applicable to platforms. The notice also outlines interim approaches that may be available to platforms that are intended to foster innovation and provide flexibility, while ensuring the platforms operate in an appropriately regulated environment.

The BCSC is focused on providing crucial protections for investors, while also ensuring that our regulatory approach can accommodate innovative business models. All platforms



that are dealing with British Columbia residents are expected to comply with securities legislation applicable in British Columbia, including seeking registration or obtaining exemptive relief. The BCSC will pursue enforcement action, where warranted, against platforms that are not complying with securities legislation.

Please refer any questions to:

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April 7, 2021

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