



Exemption Order

Bloomberg SEF LLC

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

Background

- ¶ 1 Bloomberg SEF LLC (the Applicant) has requested an order, pursuant to subsection 33(1) of the Act, exempting it from the requirement to be recognized as an exchange under section 25 of the Act;

Interpretation

- ¶ 2 Terms defined in the Act, National Instrument 14-101 *Definitions*, National Instrument 21-101 – *Marketplace Operation* and Multilateral Instrument 91-101 *Derivatives: Product Determination* have the same meaning 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 is a limited liability company organized under the laws of the State of Delaware in the United States (US) and is a wholly owned subsidiary of Bloomberg L.P., a Delaware limited partnership;
 - (b) The Applicant's trading platform has central limit order book and request for quotation functionality for trading interest rate, credit default, foreign exchange and commodity derivatives;
 - (c) In the United States, the Applicant operates as a swap execution facility (SEF), as defined in the United States *Commodity Exchange Act* (CEA) under the jurisdiction of the Commodity Futures Trading Commission (the CFTC) and on January 22, 2016, obtained permanent registration with the CFTC to operate as a SEF;
 - (d) The Applicant proposes to offer access to its trading facilities to participants who have its head office or principal place of business in British Columbia (BC) that qualify as eligible contract participants as defined in the CEA (BC Users). By offering this access, the Applicant will be carrying on business as an exchange in BC;

- (e) The Applicant 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. The Applicant has contracted with the U.S. National Futures Association to conduct market surveillance of trades on its SEF platform as a regulatory services providers (RSP);
- (f) On June 13, 2016 the Applicant was exempted from recognition as an exchange by the Ontario Securities Commission (the OSC); and
- (g) The Applicant agrees to the terms and conditions of this order.

Order

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

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

- (a) the Applicant will maintain its registration as a SEF with the CFTC and will continue to be subject to the regulatory oversight of the CFTC;
- (b) the Applicant will continue to comply with the ongoing requirements applicable to CFTC-registered SEFs;
- (c) the Applicant continues 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) the Applicant will notify the Commission promptly of:
 - (i) any material change to its business or operations or the information provided in the Application, including, but not limited to:
 - (A) changes to the regulatory oversight by the CFTC;
 - (B) the access model, including eligibility criteria, for BC Users;
 - (C) systems and technology;
 - (D) the clearing and settlement arrangements for the Applicant;
 - (ii) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to SEFs where such change may materially affect BC Users;

- (iii) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;
- (e) The Applicant will provide to its BC Users disclosure that states that:
 - (i) rights and remedies against the Applicant 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, and
 - (ii) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of BC.
- (f) The Applicant must make available to BC Users appropriate training for each person who has access to trade on Applicant's facilities.
- (g) The Applicant will provide the Commission with any information that the Commission may request.
- (h) The Applicant 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 Users, 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 Users during the quarter, presented on a per BC Users basis, and
 - (B) the proportion of worldwide trading volume and value on The Applicant's SEF platform conducted by BC Users during the quarter, presented in the aggregate for such BC Users;
 - (iv) a list of all BC Users that against whom disciplinary actions has been taken during the last quarter by the Applicant or its RSP, acting on behalf of the Applicant;
 - (v) a list of all active investigations of BC Users by the Applicant, or its RSP acting on behalf of the Applicant, during the last quarter;
 - (vi) a list of all persons that sought the Applicant's approval to be a BC User but were denied access to trade on the Applicant's platform during the last quarter, with the reasons for each denial.

- (i) The Applicant 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 the Applicant's activities in the form attached as Appendix A.

October 3, 2019

Nigel P. Cave
Vice Chair

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