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## Headnote:

Mutual Reliance Review System for Exemptive Relief Applications – Temporary relief from the requirements of the ATS Rules.

## Applicable British Columbia Provisions

National Instrument 21-101  
National Instrument 23-101

IN THE MATTER OF NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION AND  
NATIONAL INSTRUMENT 23-101 TRADING RULES

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF  
APPLICATIONS

AND

IN THE MATTER OF COLLECTIVEBID SYSTEMS INC. AND CBID SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator in each of the provinces of Ontario, British Columbia and Quebec (each, a “Decision Maker”) has received an application (the “Application”) from Collectivebid Systems Inc. (“CB”) and CBID Securities Inc. (“CBID” and, with CB, the “Filers”), for a decision under section 15.1 of National Instrument 21-101 Marketplace Operation and section 12.1 of National Instrument 23-101 Trading Rules that the requirement to comply with National Instrument 21-101 Marketplace Operation and National Instrument 23-101 Trading Rules (the “ATS Rules”) shall not apply to the Filers until April 1, 2002;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filers have represented to the Decision Makers that:

1. CB is a corporation amalgamated under the *Canada Business Corporations Act* (“CBCA”) on October 1, 2001.
2. CBID is a wholly-owned subsidiary of CB that was incorporated under the CBCA on October 18, 2001.
3. The business of CB is to provide electronic marketplace solutions for the execution of fixed income products via the Internet using proprietary electronic technology. CB has established and operates a web-based communication and fixed income execution system via a website (the “Marketplace”). CB has created the Marketplace to effect the execution of fixed income securities over the Internet, connecting investors (currently through their brokers) and brokers to the Marketplace to offer them access to wholesale market makers’ prices and access to direct electronic execution of bonds and other fixed income securities.
4. CB receives firm two-sided bid/ask quotes on a number of fixed income securities from other entities, who to date are all registered dealers. On the other side, CB receives orders from counterparties, who currently also consist solely of registered dealers. An execution engine uses

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an algorithm to match buy and sell orders and advises the matched buyer and seller that the order has been executed. By their agreements, they are bound by the result. They are then responsible for contacting each other to arrange for clearing and settlement.

5. CB is operating as a marketplace; however it is not currently registered with any securities regulatory authority and is not a member of the IDA. It may transfer its Marketplace operations to CBID.

6. CBID is not currently carrying on business and has applied for registration with the Ontario Securities Commission as an investment dealer and membership in the IDA.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the ATS Rules that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers is that the Filers are exempted from the requirements of the ATS Rules until April 1, 2002.

DATED December 19, 2001

Randee B. Pavalow