

2002 BCSECCOM 828

Headnote

Extension of temporary relief from the requirements of the ATS Rules

Exemption Order

**State Street Global Markets, LLC
State Street Global Markets Canada Inc.**

**National Instrument 21-101 Marketplace Operation
and National Instrument 23-101 Trading Rules (the ATS Rules)**

Background

- ¶ 1 State Street Global Markets, LLC (State Street LLC) and State Street Global Markets Canada Inc. (State Street Canada) applied under section 15.1 of NI 21-101 and section 12.1 of NI 23-101 to be exempted from the requirements of the ATS Rules until the earlier of September 30, 2002 and the date upon which State Street Canada is able to comply with the requirements of the ATS Rules;

Representations

- ¶ 2 State Street Canada and State Street LLC represent that:
1. State Street Canada is incorporated under the laws of Canada and is registered as an investment dealer in British Columbia, Ontario, Alberta, Quebec and is a member of the Investment Dealers Association of Canada;
 2. State Street LLC is registered as a broker-dealer in the United States and is a member of the National Association of Securities Dealers, and the Boston Stock Exchange;
 3. State Street LLC is not currently registered with any securities regulatory authority and is not a member of the Investment Dealers Association of Canada;
 4. State Street LLC operates a proprietary electronic trading system called Lattice which permits users to simultaneously access information, and request bids and offers and execute transactions, respecting U.S. equity securities from United States broker-dealers via the Internet;

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5. State Street LLC offers Lattice to a single customer in Canada, a portfolio manager registered as an adviser in British Columbia;
6. Lattice is an alternative trading system under the ATS Rules;
7. Lattice executes trades only in securities allowed under the ATS Rules;
8. prior to the ATS Rules becoming effective, State Street LLC relied on the registration and prospectus exemptions contained in sections 45(2)(5) and 74(2)(4) of the *Securities Act* (British Columbia) to execute trades for the portfolio manager through Lattice;
9. State Street LLC intends to reorganize its method of offering Lattice in Canada so that clients open accounts and enter into agreements with State Street Canada in order to use Lattice;
10. On May 22, 2002, the Executive Director granted State Street LLC an exemption from the requirements of the ATS Rules until the earlier of July 1, 2002 and the date upon which State Street Canada was able to comply with the requirements of the ATS Rules;
11. On June 28, 2002, the Executive Director granted State Street LLC an extension of the relief to the earlier of August 16, 2002 and the date upon which State Street Canada is able to comply with the requirements of the ATS Rules; and
12. State Street Canada has filed its Form 21-101F2 *Initial Operation Report* with the Commission and is otherwise diligently working towards complying with the ATS Rules;

Order

¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders that State Street LLC is exempt from the requirements of the ATS Rules until the earlier of September 30, 2002 and the date upon which State Street Canada is able to comply with the requirements of the ATS Rules.

¶ 4 August 16, 2002

Derek E. Patterson
Acting Director