

Headnote

Application for time-limited relief from certain registration requirements and from prospectus and trade reporting requirements – relief to allow the Filer to distribute Crypto Contracts and operate a platform that facilitates the buying, selling and holding of crypto assets – relief granted subject to certain conditions set out in the decision, including investment limits, disclosure and reporting requirements – relief is time-limited to allow the Filer to operate while seeking permanent registration as a dealer, including, as applicable, registration as an investment dealer and membership with IIROC – relief will expire upon two (2) years – relief granted based on the particular facts and circumstances of the application with the objective of fostering innovative businesses in Canada – decision should not be viewed as precedent for other filers.

Applicable Legislative Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 76

Securities Act, R.S.B.C. 1996, c. 418, s. 187

Securities Act, R.S.B.C. 1996, c. 418, s. 187

September 15, 2025

In the Matter of
the Securities Legislation of British Columbia
and Alberta, Manitoba, and Saskatchewan (collectively the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Hibit Technology Ltd. (the Filer)

Decision

Background

- ¶ 1 As set out in Joint CSA/IIROC Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* (**Staff Notice 21-329**) and Canadian Securities Administrators Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* (**Staff Notice 21-327**), securities legislation applies to crypto trading platforms (**CTPs**) that facilitate or propose to facilitate the trading of contractual rights (**Crypto Contracts**) relating to anything commonly considered to be a crypto asset, digital or virtual currency, or digital or virtual token (**Crypto Assets**), because the user's contractual right to the Crypto Asset may itself constitute a security and/or a derivative.

To foster innovation and respond to novel circumstances, members of the Canadian Securities Administrators (**CSA**) have implemented an interim, time-limited registration that would allow CTPs to operate within a regulated framework, with regulatory requirements tailored to the CTP's

operations. The overall goal of the regulatory framework is to ensure there is a balance between the need to be flexible and to facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer is currently registered in all provinces in the category of restricted dealer. The Filer previously applied for and received exemptive relief under the terms and conditions of a decision dated September 14, 2023, (the **Prior Order**). The Filer has submitted an application to revoke the Prior Order and to replace it with this Decision (as defined below).

The Filer operates as a CTP and it still requires further work to submit an application to register as an investment dealer and to become a dealer member of CICO.

This Decision has been tailored for the specific facts and circumstances of the Filer, and the securities regulatory authority or regulator in the Jurisdictions will not consider this Decision as constituting a precedent for other filers.

Requested Relief

¶ 2 The securities regulatory authority or regulator in British Columbia has received an application from the Filer (the **Passport Exemption Application**) for a decision under the securities legislation of British Columbia (the **Legislation**) exempting the Filer from:

- (a) the prospectus requirements under the Legislation in respect of the Filer entering into Crypto Contracts with clients relating to Crypto Assets (the **Prospectus Relief**); and
- (b) the requirement in section 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) that, before it opens an account, takes any other investment for a client, or makes a recommendation or exercises discretion to take investment action, to determine on a reasonable basis, that the action is suitable for the client and puts the client's interest first (the **Suitability Relief**).

The securities regulatory authority or regulator in the jurisdictions referred to in **Appendix A** (collectively with the Principal Regulator, the **Coordinated Review Decision Makers**) have received an application from the Filer (collectively with the Passport Exemption Application, the **Application**) for a decision under the securities legislation of those jurisdictions exempting the Filer from certain reporting requirements under the Local Trade Reporting Rules (as defined in Appendix A) (the **Trade Reporting Relief**, and collectively with the Prospectus Relief and the Suitability Relief, the **Requested Relief**).

The Filer has also applied for a decision revoking the exemptive relief in the Prior Order effective as of the date of this Decision.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a hybrid application):

- (a) the British Columbia Securities Commission is the principal regulator for this Application (the **Principal Regulator**),
- (b) this Decision is the decision of the Principal Regulator,

- (c) in respect of the Prospectus Relief and the Suitability Relief, the Filer has provided notice that, in the Jurisdictions where required, subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other Jurisdictions, and
- (d) the decision in respect of the Trade Reporting Relief is the decision of the Principal Regulator and evidences the decision of each Coordinated Review Decision Maker.

Interpretation

- ¶ 3 Terms defined in MI 11-102 and National Instrument 14-101 *Definitions* have the same meaning if used in this Decision, unless otherwise defined.

Further, for the purposes of this Decision, the following terms have the following meaning:

“**permitted client**” has the same meaning ascribed to that term in NI 31-103

“**Registered CTP**” means a CTP that is registered as a restricted dealer under securities legislation in one or more Applicable Jurisdictions.

Representations

- ¶ 4 This decision (this **Decision**) is based on the following facts represented by the Filer:

The Filer

1. The Filer is a corporation incorporated under the federal laws of Canada, with its head office in Richmond, British Columbia.
2. The Filer operates a proprietary and fully automated internet-based platform (the **Platform**) and is registered as a restricted dealer and obtained the Prior Order to carry on that business.
3. An Affiliate of the Filer, Hibit Blockchain Inc., has provided over-the-counter (**OTC**) trading services through a physical branch that provides for immediate delivery of Crypto Assets (the **OTC Trading Desk**), and in the future may operate an OTC trading platform (the **Affiliate OTC Platform**) that provides for immediate delivery of the Crypto Asset being traded, as described in Staff Notice 21-327. Neither the OTC Trading Desk nor the proposed Affiliate OTC Platform are currently active but they may commence activities in the future. All Crypto Assets purchased through the OTC Trading Desk the Affiliate OTC Platform will be delivered to the purchaser at a blockchain wallet address specified by the purchaser which is not under the ownership, possession, or control of Hibit Blockchain Inc. or the Filer. The Filer intends for the Crypto Assets traded through the Affiliate OTC Platform to not be securities or derivatives. Clients of the Affiliate will not be required to open an account with the Filer unless they want to access the Platform.
4. The Filer does not have any affiliates located outside of Canada that trade Crypto Assets or Crypto Contracts as a part of their business. The Filer is not liable for debt of an affiliate or affiliates that could have a material negative effect on the Filer.

5. The Filer's personnel consist of software engineers, compliance professionals and customer support representatives who each have experience operating in a regulated environment as a money services business (MSB) and expertise in blockchain technology. All of the Filer's personnel have passed, and new personnel will have to pass, criminal records and credit checks. The Filer will not have any dealing representatives.
6. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada.
7. The Filer is registered as a restricted dealer in the Jurisdictions.
8. The Filer is not in default of securities legislation of any of the Jurisdictions.
9. Notwithstanding that the Prior Order was issued on September 14, 2023, the Filer did not commence operation of the Platform or make it available to clients in the Jurisdictions until November 20, 2024.
10. The delay in the launch of the Platform was principally to allow the Filer to complete the necessary testing of its platform infrastructure and to make changes to key service providers that provide critical infrastructure for the Platform.
11. Given that the delay in launch of the Platform and the fact that the Platform would have been operational for less than nine months before the expiry of the Prior Order, in August 2024 the Filer initiated discussions with the Principal Regulator regarding the variation of the Prior Order to provide the Filer with additional time to meet the minimum requirements necessary to file its application seeking registration as an investment dealer to the Principal Regulator and complete membership application to CIRO.
12. On August 30, 2024 the Filer filed an application for the Requested Relief and has been working actively and diligently with the Principal Regulator to obtain the Requested Relief since that time.
13. The Filer will continue to work actively and diligently to file its application seeking registration as an investment dealer with the Principal Regulator and its membership application with CIRO as soon as possible.
14. The Filer will work actively and diligently with CIRO to complete the CIRO membership process.
15. The Filer has provided and will continue to provide the Principal Regulator with regular and timely updates relating to the Filer's CIRO membership process.
16. This Decision is based on the same representations as were made by the Filer in the Prior Order, which remain true and complete to the extent not modified by the representations in this Decision.

Decision

- ¶ 5 The Principal Regulator and each Coordinated Review Decision Maker is satisfied that this Decision satisfies the test set out in the securities legislation to make this Decision in respect of the Trade Reporting Relief.

Except as set out in this Decision, the decision of the Principal Regulator under the Legislation is that the Prior Order is revoked and the Prospectus Relief and Suitability Relief is granted, and the decision of each Coordinated Review Decision Maker under the securities legislation of its jurisdiction is that the Prior Order is revoked and Trade Reporting Relief is granted, provided that:

1. The Filer complies with
 - (a) all of the terms, conditions, restrictions, and requirements applicable to a registered dealer under securities legislation, including the Legislation, and any other terms, conditions, restrictions, or requirements imposed on the Filer by a securities regulatory authority or regulator, and
 - (b) all of the terms and conditions of the Prior Order, except paragraphs 22 and 42 of those terms and conditions, as if the Prior Order has not been revoked, except as amended by this Decision.
2. The Filer will only engage in business activities governed by securities legislation as described in the representations above, including the representations in Paragraph 16 of the Prior Order, which has been adopted by reference in paragraph 16 of the representations in this Decision. The Filer will seek the appropriate approvals from the Principal Regulator and, if required under securities legislation, the regulator or securities regulatory authority of any other Applicable Jurisdiction, prior to undertaking any other activity governed by securities legislation. The Filer will not offer derivatives based on Crypto Assets other than Crypto Contracts.
3. The Filer will work actively and diligently to complete the process to be a member of CIRO and to be registered as an investment dealer.
4. In the event that the Principal Regulator determines that the Filer has not been diligent in completing the work necessary to complete the process to be a member of CIRO and to be registered as an investment dealer, the Filer will promptly implement business restrictions as required by the Principal Regulator.
5. The Filer will only engage in the business of trading Crypto Assets, or Crypto Contracts in relation to Crypto Assets, that are not securities or derivatives or are Value-Referenced Crypto Assets, provided that the Filer does not allow clients to buy or deposit, or enter into Crypto Contracts to buy or deposit, Value-Referenced Crypto Assets that do not satisfy the conditions set out in Appendix B of this Decision.
6. On or before November 30, 2025, the Filer will provide the Principal Regulator with a written update relating to the Filer's CIRO membership process.
7. In the event the Filer has not submitted an application with CIRO to be a dealer member (the CIRO Application) by February 1, 2026, the Filer will implement business restrictions as required by the Principal Regulator by no later than February 1, 2026.
8. In the event the CIRO Application is submitted by February 1, 2026 but CIRO does not accept the application, then the Filer will implement business restrictions as required by the

Principal Regulator by no later than 14 days following the Filer's receipt of written notice from CIRO that the CIRO Application is not accepted.

9. This Decision shall expire two years following the date of this Decision.
10. This Decision may be amended by the Principal Regulator upon prior written notice to the Filer in accordance with applicable securities legislation.

"Mark Wang"

Mark Wang
Director, Capital Markets Regulation
British Columbia Securities Commission

Appendix A - Local Trade Reporting Rules

In this Decision the “Local Trade Reporting Rules” collectively means each of the following:

- (a) Part 3, Data Reporting, of Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*;
- (b) Part 3, Data Reporting, of Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* in Alberta, British Columbia, and Saskatchewan.

Appendix B - Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients

(1) The Filer establishes that all of the following conditions are met:

- (a) The Value-Referenced Crypto Asset references, on a one-for-one basis, the value of a single fiat currency (the “reference fiat currency”).
- (b) The reference fiat currency is the Canadian dollar or United States dollar.
- (c) The Value-Referenced Crypto Asset entitles a Value-Referenced Crypto Asset holder who maintains an account with the issuer of the Value-Referenced Crypto Asset to a right of redemption, subject only to reasonable publicly disclosed conditions, on demand directly against the issuer of the Value-Referenced Crypto Asset or against the reserve of assets, for the reference fiat currency on a one-to-one basis, less only any fee that is publicly disclosed by the issuer of the Value-Referenced Crypto Asset, and payment of the redemption proceeds within a reasonable period as disclosed by the issuer of the Value-Referenced Crypto Asset.
- (d) The issuer of the Value-Referenced Crypto Asset maintains a reserve of assets that is:
 - (i) in the reference fiat currency and is comprised of any of the following:
 - 1. cash;
 - 2. investments that are evidence of indebtedness with a remaining term to maturity of 90 days or less and that are issued, or fully and unconditionally guaranteed as to principal and interest, by the government of Canada or the government of the United States;
 - 3. securities issued by one or more Money Market Funds licensed, regulated or authorized by a regulatory authority in Canada or the United States of America; or
 - 4. such other assets that the principal regulator of the Filer and the regulator or securities regulatory authority in each Canadian jurisdiction where clients of the Filer reside has consented to in writing;
- (e) all of the assets that comprise the reserve of assets are:
 - (i) measured at fair value in accordance with Canadian GAAP for publicly accountable enterprises or U.S. GAAP at the end of each day;

- (ii) held with a Qualified Custodian;
 - (iii) held in an account clearly designated for the benefit of the Value-Referenced Crypto Asset holders or in trust for the Value-Referenced Crypto Asset holders;
 - (iv) held separate and apart from the assets of the issuer of the Value-Referenced Crypto Asset and its affiliates and from the reserve of assets of any other Crypto Asset, so that, to the best of the knowledge and belief of the Filer after taking steps that a reasonable person would consider appropriate, including consultation with experts such as legal counsel, no creditors of the issuer other than the Value-Referenced Crypto Asset holders in their capacity as Value-Referenced Crypto Asset holders, will have recourse to the reserve of assets, in particular in the event of insolvency; and
 - (v) not encumbered or pledged as collateral at any time; and
 - (f) the fair value of the reserve of assets is at least equal to the aggregate nominal value of all outstanding units of the Value-Referenced Crypto Asset at least once each day.
- (2) The issuer of the Value-Referenced Crypto Asset makes all of the following publicly available:
- (a) details of each type, class or series of the Value-Referenced Crypto Asset, including the date the Value-Referenced Crypto Asset was launched and key features and risks of the Value-Referenced Crypto Asset;
 - (b) the quantity of all outstanding units of the Value-Referenced Crypto Asset and their aggregate nominal value at least once each business day;
 - (c) the names and experience of the persons or companies involved in the issuance and management of the Value-Referenced Crypto Asset, including the issuer of the Value-Referenced Crypto Asset, any manager of the reserve of assets, including any individuals that make investment decisions in respect of the reserve of assets, and any custodian of the reserve of assets;
 - (d) the quantity of units of the Value-Referenced Crypto Asset held by the issuer of the Value-Referenced Crypto Asset or any of the persons or companies referred to in paragraph (c) and their nominal value at least once each business day;
 - (e) details of how a Value-Referenced Crypto Asset holder can redeem the Value-Referenced Crypto Asset, including any possible restrictions on redemptions such as the requirement for a Value-Referenced Crypto Asset holder to have an account

with the issuer of the Value-Referenced Crypto Asset and any criteria to qualify to have an account;

- (f) details of the rights of a Value-Referenced Crypto Asset holder against the issuer of the Value-Referenced Crypto Asset and the reserve of assets, including in the event of insolvency or winding up;
- (g) all fees charged by the issuer of the Value-Referenced Crypto Asset for distributing, trading or redeeming the Value-Referenced Crypto Asset;
- (h) whether Value-Referenced Crypto Asset holders are entitled to any revenues generated by the reserve of assets;
- (i) details of any instances of any of the following:
 - (i) the issuer of the Value-Referenced Crypto Asset has suspended or halted redemptions for all Value-Referenced Crypto Asset holders;
 - (ii) the issuer of the Value-Referenced Crypto Asset has not been able to satisfy redemption rights at the price or in the time specified in its public policies;
- (j) within 45 days of the end of each month, an assurance report from a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America, and that meets the professional standards of that jurisdiction, that complies with all of the following:
 - (i) provides reasonable assurance in respect of the assertion by management of the issuer of the Value-Referenced Crypto Asset that the issuer of the Value-Referenced Crypto Asset has met the requirements in paragraphs (1)(d)-(f) as at the last business day of the preceding month and at least one randomly selected day during the preceding month;
 - (ii) the randomly selected day referred to in subparagraph (i) is selected by the public accountant and disclosed in the assurance report;
 - (iii) for each day referred to in subparagraph (i), management's assertion includes all of the following:
 1. details of the composition of the reserve of assets;
 2. the fair value of the reserve of assets in subparagraph (1)(e)(i);
 3. the quantity of all outstanding units of the Value-Referenced Crypto Asset in paragraph (b);

- (iv) the assurance report is prepared in accordance with the Handbook, International Standards on Assurance Engagements or attestation standards established by the American Institute of Certified Public Accountants;
- (k) starting with the first financial year ending after December 1, 2023, within 120 days of the issuer of the Value-Referenced Crypto Asset's financial year end, annual financial statements of the issuer of the Value-Referenced Crypto Asset that comply with all of the following:
 - (i) the annual financial statements include all of the following:
 - 1. a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;
 - 2. a statement of financial position, signed by at least one director of the issuer of the Value-Referenced Crypto Asset, as at the end of the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;
 - 3. notes to the financial statements;
 - (ii) the statements are prepared in accordance with one of the following accounting principles:
 - 1. Canadian GAAP applicable to publicly accountable enterprises;
 - 2. U.S. GAAP;
 - (iii) the statements are audited in accordance with one of the following auditing standards:
 - 1. Canadian GAAS;
 - 2. International Standards on Auditing;
 - 3. U.S. PCAOB GAAS;

(iv) the statements are accompanied by an auditor's report that,

1. if (iii)(1) or (2) applies, expresses an unmodified opinion,
2. if (iii)(3) applies, expresses an unqualified opinion,
3. identifies the auditing standards used to conduct the audit, and
4. is prepared and signed by a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America.

(3) The Crypto Asset Statement includes all of the following:

- (a) a prominent statement that no securities regulatory authority or regulator in Canada has evaluated or endorsed the Crypto Contracts or any of the Crypto Assets made available through the platform;
- (b) a prominent statement that the Value-Referenced Crypto Asset is not the same as and is riskier than a deposit in a bank or holding cash with the Filer;
- (c) a prominent statement that although Value-Referenced Crypto Assets may be commonly referred to as "stablecoins", there is no guarantee that the Value-Referenced Crypto Asset will maintain a stable value when traded on secondary markets or that the reserve of assets will be adequate to satisfy all redemptions;
- (d) a prominent statement that, due to uncertainties in the application of bankruptcy and insolvency law, in the event of the insolvency of [Value-Referenced Crypto Asset issuer], there is a possibility that creditors of [Value-Referenced Crypto Asset issuer] would have rights to the reserve assets that could outrank a Value-Referenced Crypto Asset holder's rights, or otherwise interfere with a Value-Referenced Crypto Asset holder's ability to access the reserve of assets in the event of insolvency;
- (e) a description of the Value-Referenced Crypto Asset and its issuer;
- (f) a description of the due diligence performed by the Filer with respect to the Value-Referenced Crypto Asset;
- (g) a brief description of the information in section (2) and links to where the information in that section is publicly available;
- (h) a link to where on its website the issuer of the Value-Referenced Crypto Asset will disclose any event that has or is likely to have a significant effect on the value of the Value-Referenced Crypto Asset or on the reserve of assets.

- (i) a description of the circumstances where the secondary market trading value of the Value-Referenced Crypto Asset may deviate from par with the reference fiat currency and details of any instances where the secondary market trading value of the Value-Referenced Crypto Asset has materially deviated from par with the reference fiat currency during the last 12 months on the Filer's platform;
 - (j) a brief description of any risks to the client resulting from the trading of a Value-Referenced Crypto Asset or a Crypto Contract in respect of a Value-Referenced Crypto Asset that may not have been distributed in compliance with securities laws;
 - (k) any other risks specific to the Value-Referenced Crypto Asset, including the risks arising from the fact that the Filer may not, and a client does not, have a direct redemption right with the issuer of the Value-Referenced Crypto Asset;
 - (l) a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the platform;
 - (m) a statement that the statutory rights in section 130.1 of the Act and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision;
 - (n) the date on which the information was last updated.
- (4) If the Filer uses the term "stablecoin" or "stablecoins" in any information, communication, advertising or social media related to the Platform and targeted at or accessible by Canadian investors, the Filer will also include the following statement (or a link to the following statement when impractical to include):
- "Although the term "stablecoin" is commonly used, there is no guarantee that the asset will maintain a stable value in relation to the value of the reference asset when traded on secondary markets or that the reserve of assets, if there is one, will be adequate to satisfy all redemptions."
- (5) The issuer of the Value-Referenced Crypto Asset has filed an undertaking in substantially the same form as set out in Appendix B of CSA Notice 21-333 *Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients (CSA SN 21-333)* and the undertaking is posted on the CSA website.
- (6) To the extent the undertaking referred to in section (5) of this Appendix includes language that differs from sections (1) or (2) of this Appendix, the Filer complies with sections (1) and (2) of this Appendix as if they included the modified language from the undertaking.

- (7) The KYP Policy of the Filer requires the Filer to assess whether the Value-Referenced Crypto Asset or the issuer of the Value-Referenced Crypto Asset satisfies the criteria in sections (1), (2), (5) and (6) of this Appendix on an ongoing basis.
- (8) The Filer has policies and procedures to facilitate halting or suspending deposits or purchases of the Value-Referenced Crypto Asset, or Crypto Contracts in respect of the Value-Referenced Crypto Asset, as quickly as is commercially reasonable, if the Value-Referenced Crypto Asset no longer satisfies the criteria in sections (1), (2), (5) and (6) of this Appendix.
- (9) In this Appendix, terms have the same meanings set out in Appendix D of CSA SN 21-333.