

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 fair access, transparency, market integrity, 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

November 30, 2021

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO (the Jurisdiction) AND ALBERTA, BRITISH COLUMBIA, MANITOBA, NEW
BRUNSWICK, NEWFOUNDLAND AND LABRADOR, NORTHWEST TERRITORIES, NOVA
SCOTIA, NUNAVUT, PRINCE EDWARD ISLAND, QUEBEC, SASKATCHEWAN, AND
YUKON**

AND

**IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS**

AND

**IN THE MATTER OF
BITBUY TECHNOLOGIES INC.
(the Filer)**

DECISION

Background

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 CSA 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 asset trading platforms (CTPs) that facilitate or

propose to facilitate the trading of instruments or contracts involving crypto assets because the user's contractual right to the crypto asset may itself constitute a security and/or a derivative (**Crypto Contract**).

To foster innovation and respond to novel circumstances, the CSA has considered 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 facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer operates a proprietary platform (the **Platform**) that permits clients to enter into Crypto Contracts with the Filer to purchase, sell and hold crypto assets such as bitcoin, ether and anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual tokens, that are not themselves securities or derivatives (each a **Crypto Asset**, collectively, the **Crypto Assets**). The Filer has applied for registration as a restricted dealer in accordance with Staff Notice 21-329 in each province and territory of Canada. While registered as a restricted dealer, the Filer intends to seek membership with the Investment Industry Regulatory Organization of Canada (**IIROC**). This Decision has been tailored for the specific facts and circumstances of the Filer, and the securities regulatory authority or regulator in the Applicable Jurisdictions (as defined below) will not consider this Decision as constituting a precedent for other filers.

Relief Requested

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

- (1) the prospectus requirement under the Legislation in respect of the Filer entering into Crypto Contracts with clients to purchase, hold and sell Crypto Assets (the **Prospectus Relief**); and
- (2) the requirement in subsection 12.10(2) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to deliver annual audited financial statements to the regulator (the **Audited Financial Statement Relief**)

The securities regulatory authority or regulator in the Jurisdiction and each of the other jurisdictions that has adopted the rules referred to in Appendix A, as applicable (the **Coordinated Review Decision Makers**), have received an application from the Filer (collectively with the Passport Application, the **Application**) for a decision under the securities legislation of those jurisdictions exempting the Filer from:

- (1) certain reporting requirements under the Local Trade Reporting Rules (as defined in Appendix A) (the **Trade Reporting Relief**); and
- (2) except in British Columbia, New Brunswick and Nova Scotia, the Marketplace Rules (as defined in Appendix A) (the **Marketplace Relief**).

Collectively, the Prospectus Relief, the Audited Financial Statement Relief, the Trade Reporting Relief and the Marketplace Relief are referred to herein as the **Requested Relief**.

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

- (1) the Ontario Securities Commission is the principal regulator for this Application (the **Principal Regulator**);
- (2) in respect of the Prospectus 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 provinces and territories of Canada (the **Non-Principal Jurisdictions**, and, together with the Jurisdiction, the **Applicable Jurisdictions**), and
- (3) the decisions in respect of the Trade Reporting Relief and the Marketplace Relief are the decisions of the Principal Regulator and evidence the decision of each applicable Coordinated Review Decision Maker.

Interpretation

For the purposes of this Decision:

- (a) “Accredited Crypto Investor” means
 - (i) an individual
 - A. who, alone or with a spouse, beneficially owns financial assets (as defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**)) and crypto assets, if not included in financial assets, having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000,
 - B. whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that net income level in the current calendar year,
 - C. whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that net income level in the current calendar year, or
 - D. who, alone or with a spouse, beneficially owns net assets of at least \$5,000,000,
 - (ii) a person or company described in paragraphs (a) to (i) of the definition of “accredited investor” as defined in subsection 73.3(1) of the Act or section 1.1 of NI 45-106, or
 - (iii) a person or company described in paragraphs (m) to (w) of the definition of “accredited investor” as defined in section 1.1 of NI 45-106.
- (b) “Act” means the *Securities Act* (Ontario).
- (c) “AML” means anti-money laundering.
- (d) “App” means the Filer’s mobile application.
- (e) “API” means application programming interface.
- (f) “CIPF” means the Canadian Investor Protection Fund.
- (g) “Crypto Asset Statement” means the statement described in representations 26(b)(v) and 32.

- (h) “Eligible Crypto Investor” means
 - (i) a person whose
 - A. net assets, alone or with a spouse, in the case of an individual, exceed \$400,000,
 - B. net income before taxes exceeded \$75,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
 - C. net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
 - (ii) an Accredited Crypto Investor.
- (i) “IOSCO” means the International Organization of Securities Commissions.
- (j) “Platform’s Terms and Conditions” means the terms and conditions that apply to the access and use of the Platform.
- (k) “Prohibited Use” means the violations of the restrictions relating to the use of the Platform as described in representation 26(c)(v).
- (l) “Risk Statement” means the statement of risks described in representation 26(b).
- (m) “Specified Crypto Asset” means the crypto assets, digital or virtual currencies, and digital or virtual tokens listed in Appendix B to this Decision.
- (n) “Specified Foreign Jurisdiction” means any of the following: Australia, Brazil, any member country of the European Union, Hong Kong, Japan, the Republic of Korea, New Zealand, Singapore, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America.
- (o) “Website” means the website <https://bitbuy.ca> or such other website as may be used to host the Platform from time to time.

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

Representations

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

The Filer

1. The Filer is a corporation existing under the laws of Ontario with its head office in Toronto, Ontario.
2. The Filer is a wholly owned subsidiary of First Ledger Corp. (FLC).
3. The Filer operates under the business name “**Bitbuy**”.

4. The Filer is registered with FINTRAC as a Money Services Business and complies with the applicable AML requirements under applicable legislation and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its regulations.
5. Although FLC intends to list its securities on the Neo Exchange Inc., the Filer does not and will not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside Canada. Although FLC intends to become a reporting issuer in British Columbia, Alberta and Ontario, the Filer is not and will not be a reporting issuer in any jurisdiction.
6. Concurrent with the Application, the Filer has applied for registration as a dealer in the category of restricted dealer with the securities regulatory authority or regulator in each of the Applicable Jurisdictions.
7. The Filer's personnel consists, and will consist, of compliance professionals, finance professionals and software engineers with experience operating within regulated financial services environments and blockchain technology. All of the Filer's personnel have passed, and new personnel will have passed, criminal records and credit checks.
8. The Filer is not in default of securities legislation of any of the Applicable Jurisdictions, other than in respect of the subject matter to which this Decision relates.

The Platform

9. The Filer enables clients to enter into Crypto Contracts with the Filer to buy, sell and hold Crypto Assets through the Platform and to deposit or withdraw Crypto Assets through the Platform.
10. The Filer's trading of Crypto Contracts is consistent with activities described in CSA SN 21-327 and constitutes the trading of securities and/or derivatives.
11. The Filer does not have any authority to act on a discretionary basis on behalf of clients and will not manage any discretionary accounts.
12. The Filer will not be a member firm of the CIPF and the Crypto Assets that are held in custody by one or more third-party custodians will not qualify for CIPF coverage. The Risk Statement will include disclosure that there will be no CIPF coverage for the Crypto Assets and clients must acknowledge that they have received, read and understood the Risk Statement before opening an account with the Filer.
13. The Filer's books and records, financial controls and compliance systems (including its policies and procedures) are designed to closely resemble in all material respects, except as necessary to address operational differences, those in place at FLC.
14. FLC has audited consolidated financial statements. The Filer is working with the auditor to prepare audited unconsolidated financial statements. The Filer anticipates that it will be able to obtain audited financial statements for the Filer's 2021 financial year end.
15. During the period of this relief:
 - (a) the Filer will work closely with its auditors to be able to file annual audited financial statements in accordance with subsection 12.10(2) of NI 31-103, and

- (b) the financial statements of the Filer will be consolidated with the annual audited financial statements of its parent, FLC, and until such time as the Filer can deliver annual audited financial statements, the Filer will file both annual unaudited financial statements and the annual audited financial statements of FLC with the Principal Regulator.

Crypto Assets Made Available through the Platform

- 16. The Filer has established and will apply policies and procedures to review Crypto Assets and to determine whether to allow clients on its Platform to enter into Crypto Contracts to buy, sell or hold the Crypto Asset on its Platform. Such review includes, but is not limited to, publicly available information concerning:
 - (a) the creation, governance, usage and design of the Crypto Asset, including the source code, security and roadmap for growth in the developer community and, if applicable, the background of the developer(s) that created the Crypto Asset;
 - (b) the supply, demand, maturity, utility and liquidity of the Crypto Asset;
 - (c) material technical risks associated with the Crypto Asset, including any code defects, security breaches and other threats concerning the Crypto Asset and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
 - (d) legal and regulatory risks associated with the Crypto Asset, including any pending, potential or prior civil, regulatory, criminal or enforcement action relating to the issuance, distribution or use of the Crypto Asset.
- 17. The Filer only offers and only allows clients the ability to enter into Crypto Contracts to buy, sell and hold Crypto Assets that are not each themselves a security and/or a derivative.
- 18. The Filer does not allow clients to enter into a Crypto Contract to purchase and sell Crypto Assets unless the Filer has taken steps
 - (a) as set out in representation 16, to review the Crypto Asset, including the information specified in representation 16, to determine whether it is appropriate for its clients,
 - (b) as set out in representation 16, to approve the Crypto Asset and the Crypto Contracts to purchase and sell such Crypto Asset, to be made available to clients,
 - (c) as set out in representation 43 and required under securities laws, to determine that entering into the Crypto Contract to purchase and sell Crypto Assets is suitable for the client, and
 - (d) as set out in representation 21, to monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.
- 19. The Filer is not engaged, and will not engage, in trades that are part of, or designed to facilitate, the design, creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset or affiliates or associates of such persons.

20. The Filer has established and will apply policies and procedures to determine whether a Crypto Asset available to be bought and sold through a Crypto Contract is a security and/or derivative and is being offered in compliance with securities and derivatives laws, which include but are not limited to:
- (a) consideration of statements made by any regulators or securities regulatory authorities of the Applicable Jurisdictions, other regulators in IOSCO-member jurisdictions, or the regulator with the most significant connection to a Crypto Asset about whether the Crypto Asset, or generally about whether the type of Crypto Asset, is a security and/or derivative; and
 - (b) if the Filer determines it to be necessary, obtaining legal advice as to whether the Crypto Asset is a security and/or derivative under securities legislation of the Applicable Jurisdictions.
21. The Filer monitors ongoing developments related to Crypto Assets available on its Platform that may cause a Crypto Asset's legal status or the assessment conducted by the Filer described in representations 16 and 20 above to change.
22. The Filer acknowledges that any determination made by the Filer as set out in representations 16 to 20 of this Decision does not prejudice the ability of any of the regulators or securities regulatory authorities of any province or territory of Canada to determine that a Crypto Asset is a security and/or derivative.
23. The Filer has established and will apply policies and procedures to promptly halt the trading of any Crypto Asset available on its Platform and to allow clients to liquidate their positions in Crypto Contracts with underlying Crypto Assets that the Filer ceases to make available on its Platform.

Account Opening

24. Subject to the Filer determining that it is appropriate for an account to be opened, the Filer currently makes the Platform available to any person who is resident in Canada, has reached the age of majority in the jurisdiction in which they are resident and has the legal capacity to open an account.
25. Clients open an account on the Platform via the Website or the App.
26. As part of the account opening process:
- (a) the Filer will collect know-your-client information to verify the identity of the client, and collects information necessary for the Filer to conduct a trade-by-trade suitability assessment for each client;
 - (b) the Filer will provide a prospective client with a separate Risk Statement that clearly explains the following in plain language:
 - (i) the Crypto Contracts;
 - (ii) the risks associated with the Crypto Contracts;
 - (iii) a prominent statement that no securities regulatory authority has expressed an opinion

about the Crypto Contracts or any of the Crypto Assets made available for purchase or sale through the Platform, including an opinion that the Crypto Assets are not themselves securities and/or derivatives;

- (iv) the due diligence performed by the Filer before making a Crypto Asset available through the Platform, including the due diligence taken by the Filer to assess whether the Crypto Asset is a security and/or derivative under the securities legislation of each of the jurisdictions of Canada and the securities and derivatives laws of the foreign jurisdiction with which the Crypto Asset has the most significant connection, and the risks if the Filer has incorrectly determined that the Crypto Asset is not a security and/or derivative;
 - (v) that the Filer has prepared a plain language description of each Crypto Asset made available through the Platform, with instructions as to where on the Platform the client may obtain the descriptions (each, a Crypto Asset Statement);
 - (vi) the Filer's policies for halting, suspending and withdrawing a Crypto Asset from trading on the Platform, including criteria that would be considered by the Filer, options available to clients holding such a Crypto Asset, any notification periods and any risks to clients;
 - (vii) the location and manner in which Crypto Assets are held for the client, the risks and benefits to the client of the Crypto Assets being held in that manner;
 - (viii) the manner in which the Crypto Assets are accessible by the Filer, and the risks and benefits to the client arising from the Filer having access to the Crypto Assets in that manner;
 - (ix) that the Filer is not a member of the CIPF and the Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection; and
 - (x) 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 Risk Statement or a Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision.
- (c) the Filer will require clients to agree to the Platform's Terms and Conditions, which are publicly available on the Filer's website, and wherein it will require and/or disclose (either directly in the agreement or in schedules appended thereto):
- (i) the trading hours for the Platform;
 - (ii) that the Filer is responsible for conducting suitability and will do so in the manner set out in representation 30;
 - (iii) procedures for funding purchases and for withdrawing funds held by a client in its account with the Platform;
 - (iv) the various fees charged to a client of the Platform;

- (v) that a client must comply with restrictions relating to its use of the Platform, including complying with the Trading Requirements (as defined below) and applicable securities laws (any violation of these requirements, a **Prohibited Use**);
 - (vi) confirmation that a client's access to the Platform does not affect that client's access to any other marketplace;
 - (vii) that the potential consequences for a client's Prohibited Use may include:
 - a. withdrawing the client's right to make any further trades on the Platform,
 - b. requiring the client to liquidate its Crypto Asset holdings on the Platform in an orderly fashion and/or requiring that all of its subsequent proposed sell trades receive the Filer's prior approval,
 - c. when all Crypto Assets have been sold, require that the client provide the Filer with wire transfer instructions (to a Canadian financial institution) so that the Filer can return its funds and close its account, and
 - d. reporting the client's trading activity to relevant securities and law enforcement authorities;
 - (viii) the Filer's conflict of interest policies and procedures; and
 - (ix) if applicable, the Filer's referral arrangements disclosure (included in the Filer's conflicts policies and procedures and relationship disclosure information statement).
27. In order for a prospective client to open and operate an account with the Filer, the Filer will obtain an electronic acknowledgment from the prospective client confirming that the prospective client has received, read and understood the Risk Statement. Such acknowledgment will be prominent and separate from other acknowledgments provided by the prospective client as part of the account opening process.
28. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the Platform.
29. The Filer has policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, Crypto Assets generally, or a specific Crypto Asset, as the case may be. In the event the Risk Statement is updated, existing clients of the Filer will be promptly notified and provided with a copy of the updated Risk Statement. In the event a Crypto Asset Statement is updated, existing clients of the Filer will be promptly notified through in-App and website disclosures, with links provided to the updated Crypto Asset Statement.
30. For clients with pre-existing accounts with the Filer at the time of this Decision, the Filer will:
- (a) within three months of the time of this Decision, require such pre-existing clients to provide the information necessary for the Filer to satisfy its obligations under securities law to

verify the identity of the client and to conduct a trade-by-trade suitability assessment for the client; and

- (b) deliver to the client a Risk Statement and will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement at the earlier of (i) before placing their next trade or deposit of Crypto Assets on the Platform and (ii) the next time they log in to their account with the Filer. The Risk Statement must be prominent and separate from other disclosures given to the client at that time, and the acknowledgement must be separate from other acknowledgements by the client at that time.
31. Before a client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Website or the App.
32. Each Crypto Asset Statement will include:
- (a) a prominent statement that no securities regulatory authority in Canada has expressed an opinion about the Crypto Contracts or any of the Crypto Assets made available through the Platform, including an opinion that the Crypto Assets are not themselves securities and/or derivatives,
 - (b) a description of the Crypto Asset, including the background of the team that first created the Crypto Asset, if applicable,
 - (c) a description of the due diligence performed by the Filer with respect to the Crypto Asset,
 - (d) any risks specific to the Crypto Asset,
 - (e) 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,
 - (f) 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, and
 - (g) the date on which the information was last updated.
33. The Filer will also periodically prepare and make available to its clients educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets. The Filer will also monitor client activity and engage clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required. The outcome of the engagement with a client may result, in some cases, in a decision by the Filer to close a client's account.

Platform Operations

34. The Platform is a facility for trading securities and/or derivatives and, in some jurisdictions, is a marketplace under applicable securities legislation.
35. An affiliate of the Filer, Twenty One Digital Inc. (**21D**), participates on the Platform as a registered user of the Platform's API. 21D's primary business purpose is to support and enhance liquidity and price discovery on the Platform. 21D gathers pricing data from third-party liquidity providers, aggregates that external pricing data and, in turn, places bids and offers across the Platform's order books. 21D's trading strategies are designed to provide liquidity around the prevailing market trading price and to offset any purchases or sales simultaneously through third-party liquidity providers. No compensation is provided to 21D for participating on the Platform, although it may earn a spread through its offsetting transactions through third-party liquidity providers by using its capital to perform arbitrage strategies. In keeping with the "Fair Access" requirements set out in applicable securities laws, the Filer does not provide any preferences, priority, benefits, information or special pricing to 21D.
36. The Filer has taken and will take reasonable steps to verify that its liquidity providers are appropriately registered and/or licensed to transact in the Crypto Assets in their home jurisdiction, or that their activities do not require registration in their home jurisdiction, and that they are not in default of securities legislation in the Applicable Jurisdictions.
37. All transactions entered into by clients to buy and sell Crypto Assets are placed with the Platform through the Website or the App. Clients are able to submit buy and sell orders 24 hours a day, 7 days a week.
38. Clients may place buy and sell orders using either the Platform's pro feature (the **Pro Feature**) or express feature (the **Express Feature**).
39. The Pro Feature is comprised of an interface system that allows clients to place and execute limit or market buy and sell orders in units of the applicable Crypto Asset or in Canadian dollars in an order book displaying orders entered by clients of the Platform (the **Order Book**).
40. The Express Feature allows clients to place market buy or sell orders in units of the applicable Crypto Asset or in Canadian dollars after receiving a quote that provides indicative trade terms and fees associated with the prospective order. The orders placed using the Express Feature are filled through the Order Book in substantially the same manner as market orders that are placed using the Pro Feature.
41. In addition to access to the Platform through the Pro Feature and the Express Feature via the Website and the App, the Filer provides access to the API to clients that wish to integrate the API into their own internal interface. API clients have the ability to request information from the order book and view or perform actions (e.g., bid, offer, cancel, etc.) in a method desired by the API client. The API client has no preferential access to information or order priority. Clients seeking access to the API are required to complete a questionnaire (the **API User Questionnaire**). The API User Questionnaire asks prospective API clients to discuss their level of sophistication, planned trading strategies, experience with API tech algo strategies and understanding of the Prohibited Uses. The Filer will only provide access to the API if a client's responses to the API User Questionnaire demonstrate a sufficient level of sophistication and experience.

42. The Filer also offers over-the-counter (OTC) trading services. The OTC trading services offered by the Filer allow clients to place orders “off Platform” through one of the Filer’s designated representatives. The OTC trading services provides clients with more liquidity sources and a personalized service and are intended to primarily service institutions and high net-worth individuals.
43. The Filer uses technology to facilitate the determination of whether entering into a Crypto Contract is suitable for a client before accepting an instruction from that client to enter into the Crypto Contract.
44. Each transaction a client undertakes that results from the matching of orders on the Platform, or from its use of the OTC trading services described in representation 42 results in a bilateral contract between the client and the Filer.
45. An internal ledger records all of the transactions executed via the Platform. In order for a client to place an order, their account must be pre-funded with the applicable asset (fiat currency or Crypto Asset). When a client’s order is matched through the Platform’s with another client’s order, the internal ledger is updated in real-time. Because all assets are already verified as being available from both the buyer and the seller prior to order entry, all Crypto Contracts are settled as between the Filer and each of the buyer and seller when matching takes place. There is no obligation for buyers and sellers to settle bilaterally.
46. The Platform is an “open loop” system. Clients are permitted to deposit Crypto Assets acquired outside the Platform into their accounts with the Filer. Crypto Assets deposited will be promptly delivered to the custodian to be held for the benefit of the client. Clients also have the right to obtain delivery of Crypto Assets to which they have an interest in pursuant to their Crypto Contracts with the Filer by requesting that the Filer deliver the Crypto Assets to the Client.
47. Clients can transfer fiat currency to or withdraw fiat currency from their account by Interac e-transfer, electronic funds transfer or bank wire.
48. The Filer is compensated through trading fees, deposit and withdrawal fees on deposits and withdrawals of fiat currency and withdrawal fees on withdrawals of Crypto Assets at rates disclosed on the Platform and incorporated by reference into the Platform’s Terms and Conditions.
49. The Filer does not, and will not extend margin, credit or otherwise offer leverage to clients, and will not offer derivatives based on Crypto Assets, other than Crypto Contracts, to clients.
50. The Filer will send electronic trade confirmations and monthly statements setting out the details of their transaction history in their account with the Filer. Clients will also be able to view records of all of their transactions (i.e., trades, deposits and withdrawals of both cash and Crypto Assets) which are continuously available to them via the Platform and may be downloaded by them at anytime.
51. In order to manage the risks associated with potential instances of abusive trading on the Platform, the Filer will, among other things:
 - (a) publish information about how trading works and what is expected of clients on its website;

- (b) review and analyze trades on a post-trade, daily basis to test that the technology performed as expected and that trades or trading patterns that might reasonably be related to incidents of non-compliance with securities legislation in any jurisdiction of Canada or the Platform's Terms and Conditions (which include prohibitions on fraud, market manipulation, and activity that mimics illegal insider trading, tipping and recommending, and frontrunning – collectively, the **Trading Requirements**) are escalated for action to the chief compliance officer (**CCO**) and, where deemed advisable, to the ultimate designated person (**UDP**);
 - (c) maintain effective controls, including:
 - (i) conducting investigations to determine whether a trade or trading pattern breached the Trading Requirements or the Platform's Terms and Conditions,
 - (ii) escalating non-compliant trading activity to the CCO, the UDP, the Filer's board of directors and the applicable securities regulatory authority, as appropriate,
 - (iii) ensuring that the UDP and CCO perform a quarterly review of (A) the Filer's trading supervision activities, (B) the Filer's conflict of interest tracking and reporting mechanism and (C) the Filer's complaints tracking and reporting mechanism to test that the Filer's policies and procedures are effective to test that its policies and procedures are effective and make recommendations on improvements, as necessary,
 - (iv) providing quarterly and annual reports to the Principal Regulator in a matter satisfactory to the Principal Regulator (A) summarizing the activities and findings in the period of the Filer's trading compliance program and (B) assessing the effectiveness of the Filer's trading compliance program,
 - (v) prior to the terms and conditions expiring, prepare new processes to operate under the marketplace regulation that will replace the terms and conditions, as applicable, and
 - (vi) tracking, reviewing and taking appropriate action in the context of complaints and reports from clients of potential instances of abusive trading on the Platform; and
 - (d) terminate all or a portion of a client's access should they breach the Platform's Terms and Conditions, including by violating applicable securities laws, as described in representation 26(c)(vii).
52. The Filer offers full depth of book visibility insofar as its order-entry systems make available order and trade information in real-time and electronically to all clients simultaneously. The same order and trade information available to clients through the Pro Feature interface is also made accessible to non-clients concurrently through the Website.
53. The Filer:
- (a) has effective information technology controls, including (without limitation) controls for systems operations, security, problem management, network support and systems software support;

- (b) has effective security controls to prevent, detect and respond to security threats and cyber-attack on its systems that support distribution, trading and settlement services;
 - (c) has effective business continuity and disaster recovery plans;
 - (d) in accordance with prudent business practice, and on a reasonably frequent basis (at least annually) it:
 - (i) makes reasonable current and future systems capacity estimates,
 - (ii) conducts capacity stress tests to determine the ability of its order entry and execution systems to process transactions in an accurate, timely and efficient manner,
 - (iii) tests its business continuity and disaster recovery plans, and
 - (iv) reviews system vulnerability and its cloud-hosted environment to mitigate internal and external cyber threats; and
 - (e) continuously monitors and maintains internal controls over its systems.
54. The Filer has policies, procedures, and internal controls covering operational risk, custody risk and liquidity risk.
55. The Filer has filed with the Principal Regulator completed exhibits to the Form 21-101F2 – *Information Statement Alternative Trading System* for each of the following:
- (a) Exhibit E – Operations of the Marketplace;
 - (b) Exhibit F – Outsourcing;
 - (c) Exhibit G – Systems and Contingency Planning;
 - (d) Exhibit H – Custody of Assets;
 - (e) Exhibit I – Securities;
 - (f) Exhibit J – Access to Services; and
 - (g) Exhibit L – Fees.
56. The Filer has established written standards for access to the Platform and related services, and will establish, maintain and ensure compliance with policies and procedures to ensure participants are onboarded to the Platform and related services in accordance with those written standards.
57. The Filer has established price and volume thresholds as necessary in order to ensure trading on the Platform does not interfere with fair and orderly markets, which include limits on the ability to place large market orders via the Express Feature and automated warnings sent to clients attempting to place large market orders or limit orders outside market context via the Pro Feature. The Filer maintains and ensures compliance with appropriate policies and procedures governing the cancellation of trades on the Platform and situations in which it may vary or correct a trade,

including in relation to trades where the Filer or its affiliate acting as principal was a counterparty to the trade.

58. The Filer has established and maintains and ensures compliance with policies and procedures that identify and address material conflicts of interest arising from the operation of the Platform and the related services it provides, including conflicts between the interests of its owners, its commercial interests and the responsibilities and sound functioning of the Platform and related services.
59. The policies and procedures identified in representation 58 also address conflicts of interest that arise from the trading activities on the Platform of the Filer or its affiliates, including 21D, as principal. These policies and procedures include the establishment of controls to mitigate the conflict in a way that is fair and does not conflict with the interest of the client, one of the controls being an appropriate level of disclosure of these specific conflicts to clients against whom the Filer or its affiliates may trade, and the circumstances in which they may arise.
60. The Filer keeps books, records and other documents to accurately record its business activities, financial affairs and client transactions and to demonstrate the extent of the firm's compliance with applicable requirements of securities legislation including, but not limited to:
 - (a) records of all investors granted or denied access to the Platform;
 - (b) daily trading summaries of all Crypto Assets traded, with transaction volumes and values; and
 - (c) records of all orders and trades, including the price, volume, times when the orders are entered, matched, cancelled or rejected and the identifier of the client that entered the order or that was counterparty to the trade.

Custody of Crypto Assets

61. The Filer has established accounting practices, internal controls and safekeeping and segregation procedures intended to protect clients' assets.
62. The Filer holds Crypto Assets for the benefit of clients separate and apart from its own assets and from the assets of any custodial service provider. The Filer is not permitted to pledge, re-hypothecate or otherwise use any Crypto Assets owned by its clients.
63. The Filer has and will retain the services of third-party custodians to hold not less than 80% of the total value of Crypto Assets held on behalf of clients. As of the date hereof, a third-party custodian, BitGo Trust Company, Inc. (**BitGo**), acts as the custodian of the Crypto Assets underlying the Crypto Contracts traded through the Platform via "cold storage". Up to 20% of the Filer's total client Crypto Assets may be held online in "hot wallets".
64. BitGo is licensed as a trust company with the South Dakota Division of Banking. BitGo is a foreign custodian, as defined in section 1.1 of NI 31-103.
65. BitGo has completed a Service Organization Controls (**SOC**) report under the SOC 1 – Type 1 standards from a leading global audit firm. The Filer has conducted due diligence on BitGo, including reviewing a copy of the SOC 1 – Type 1 audit report prepared by the Custodian's auditors,

and has not identified any material concerns. The Filer has also reviewed the SOC 2 – Type 2 audit report prepared by BitGo Inc.’s auditors regarding BitGo Inc.’s multi-signature wallet services system (i.e., hot wallets), and have not identified any material concerns. BitGo has advised the Filer that it relies on technology licensed from BitGo Inc., which technology was audited pursuant to the SOC 2 – Type 2 audit report prepared by BitGo Inc.’s auditors.

66. BitGo maintains US\$100 million of insurance for Crypto Assets held in BitGo’s cold storage system. The coverage covers losses of assets held by BitGo on behalf of its customers due to third-party hacks, copying or theft of private keys, insider theft or dishonest acts by BitGo employees or executives and loss of keys. The Filer has assessed BitGo’s insurance policy and has determined, based on information that is publicly available and on information provided by BitGo and considering the scope of BitGo’s business, that the amount of insurance is appropriate.
67. BitGo holds all Crypto Assets in omnibus accounts in the name of the Filer, separate and distinct from the assets of the Filer, the Filer’s affiliates and all of BitGo’s other clients.
68. BitGo has established and applies policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.
69. The Filer has assessed the risks and benefits of using BitGo and, has determined that in comparison to a Canadian custodian (as that term is defined in NI 31-103) it is more beneficial to use BitGo, a U.S. custodian, to hold client assets than using a Canadian custodian. The Filer has established, and will maintain and apply, policies and procedures that are reasonably designed to ensure BitGo’s records related to Crypto Assets that BitGo holds for clients of the Filer are accurate and complete.
70. The Filer will maintain its own hot wallets to hold limited amounts of Crypto Assets that will be used to facilitate client deposit and withdrawal requests. The Filer does so through the hot wallet services offered by BitGo Inc.
71. Where the Filer holds Crypto Assets for operational purposes, it does so separate and distinct from the assets held for its clients.
72. The Filer is proficient and experienced in holding Crypto Assets and has established and applied policies and procedures that manage and mitigate custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets. The Filer also maintains appropriate policies and procedures related to IT security, cyber-resilience, disaster recovery capabilities, and business continuity plans.
73. The Filer has licensed software from Digital Assets Services Limited (operating as Coincover) (**Coincover**) to provide additional security for keys to Crypto Assets held by the Filer, including key pair creation, key pair storage, device access recovery and account access recovery. Coincover is based in the United Kingdom and is regulated by the U.K. Financial Conduct Authority.
74. In respect of Crypto Assets held in its hot wallets, the Filer has obtained a guarantee through Coincover and will supplement the guarantee by setting aside cash that will be held in an account at a Canadian financial institution, separate from the Filer’s operational accounts and the Filer’s client accounts, in an amount agreed upon with its Principal Regulator. Depending on the circumstances, either funds from the guarantee or the bank account would be available in the event of loss of Crypto Assets held in the Filer’s hot wallet.

Clearing Agency

75. The Filer will not operate a “clearing agency” or “clearing house”.

Decision

The Principal Regulator is satisfied that the Decision satisfies the test set out in the Legislation for the Principal Regulator to make the Decision and each Coordinated Review Decision Maker is satisfied that the Decision in respect of the Trade Reporting Relief and the Marketplace Relief, as applicable, satisfies the tests set out in the securities legislation of its jurisdiction for the Coordinated Review Decision Maker to make the Decision in respect of the Trade Reporting Relief and the Marketplace Relief, as applicable.

The Decision of the Principal Regulator under the Legislation is that the Requested Relief is granted, and the Decision of each Coordinated Review Decision Maker under the securities legislation in its jurisdiction is that the Trade Reporting Relief and the Marketplace Relief, as applicable, is granted, provided that:

Dealer Activities

- I. Unless otherwise exempted by a further decision of the Principal Regulator, the Filer complies with 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 by a securities regulatory authority or regulator on the Filer.
- II. The Filer is registered as a restricted dealer or investment dealer in the Jurisdiction and the jurisdiction in which the client is resident.
- III. The Filer will only engage in business activities governed by securities legislation as described in the representations above. 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 business activity governed by securities legislation.
- IV. At all times, the Filer will hold not less than 80% of the total value of all Crypto Assets held on behalf of clients with a custodian that meets the definition of a qualified custodian under NI 31-103, unless the Filer has obtained the prior written approval of the Principal Regulator to hold a different percentage with a qualified custodian.
- V. Before the Filer holds Crypto Assets with a custodian referred to in condition IV, the Filer will take reasonable steps to verify that the custodian:
 - (a) has appropriate insurance to cover the loss of Crypto Assets held at the custodian,
 - (b) has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian, and
 - (c) has obtained a SOC 2 - Type 2 report within the last 12 months, unless the Filer has obtained the prior written approval of the Principal Regulator to alternatively verify that

the custodian has obtained a SOC 1 - Type 1 or Type 2 report or a SOC 2 - Type 1 report within the last 12 months.

- VI. The Filer will promptly notify the Principal Regulator if the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, the National Futures Association, the Division of Banking of the State of South Dakota, or the New York State Department of Financial Services make a determination that the Filer's custodian is not permitted by that regulatory authority to hold client Crypto Assets.
- VII. For the Crypto Assets held by the Filer, the Filer:
 - (a) will hold the Crypto Assets for its clients separate and distinct from the assets of the Filer;
 - (b) will ensure there is appropriate insurance for the loss of Crypto Assets held by the Filer; and
 - (c) will have established and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.
- VIII. When the Filer trades with its clients on a principal basis in its capacity as a dealer, the Filer will provide fair and reasonable prices to its clients.
- IX. Before each prospective client opens an account, the Filer will deliver to the client a Risk Statement and will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
- X. For clients with pre-existing accounts with the Filer at the time of this Decision, the Filer will:
 - (a) within three months of the time of this Decision, require such pre-existing clients to provide the information necessary for the Filer to satisfy its obligations under securities law to verify the identity of the client and to conduct a trade-by-trade suitability assessment for the client; and
 - (b) deliver to the client a Risk Statement and will require the client to provide electronic acknowledgement of having received, read and understood the revised Risk Statement at the earlier of (i) before placing their next trade or deposit of Crypto Assets on the Platform and (ii) the next time they log in to their account with the Filer.
- XI. The Risk Statement delivered as set out in conditions IX and X to new clients or clients with pre-existing accounts on the date of this Decision will be prominent and separate from other disclosures given to the client at the time the Risk Statement is delivered, and the acknowledgement will be separate from other acknowledgements given by the client at that time.
- XII. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the Website and in the App.
- XIII. Before a client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will

include a link to the Crypto Asset Statement on the Website or the App and the information set out in representation 32.

- XIV. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts and/or Crypto Asset, and,
- (a) in the event of any update to the Risk Statement, will promptly notify each existing client of the update and deliver to them a copy of the updated Risk Statement; and
 - (b) in the event of any update to a Crypto Asset Statement, will promptly notify clients through in-App and website disclosures, with links provided to the updated Crypto Asset Statement.
- XV. Prior to the Filer delivering a Risk Statement to a client, the Filer will deliver, or will have previously delivered, a copy of the Risk Statement delivered to the client to the Principal Regulator.
- XVI. The Filer will monitor client activity, and contact clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required.
- XVII. The Filer will ensure that the maximum amount of Crypto Assets, excluding Specified Crypto Assets, that a client, except those clients that are residents of Alberta, British Columbia, Manitoba and Québec, may enter into Crypto Contracts to purchase and sell on the Platform (calculated on a net basis and in an amount not less than \$0) in the preceding 12 months:
- (a) in the case of a client that is not an Eligible Crypto Investor, does not exceed a net acquisition cost of \$30,000;
 - (b) in the case of a client that is an Eligible Crypto Investor, but is not an Accredited Crypto Investor, does not exceed a net acquisition cost of \$100,000; and
 - (c) in the case of an Accredited Crypto Investor, is not limited.
- XVIII. In the jurisdictions where the Prospectus Relief is required, the first trade of a Crypto Contract is deemed to be a distribution under securities legislation of that jurisdiction.
- XIX. The Filer will provide the Principal Regulator with at least 10 days' prior written notice of any:
- (a) change of or use of a new custodian; and
 - (b) material changes to the Filer's ownership, its business operations, including its systems, or its business model.
- XX. The Filer will provide at least 45 days advance notice to the Principal Regulator for any material changes to the Form 21-101F2 information filed as described in representation 55, except in relation to changes to Exhibit L – Fees, in which case the Filer will provide at least 15 days advance notice.

- XXI. The Filer will notify the Principal Regulator, promptly, of any material breach or failure of its custodian's system of controls or supervision, and what steps have been taken by the Filer to address each such breach or failure. The loss of any amount of Crypto Assets will be considered a material breach or failure.
- XXII. Further to condition XXI, the Filer will promptly notify the Principal Regulator of any material systems failure, malfunction, delay or security breach of the systems or controls relating to the operation of the marketplace functions.
- XXIII. The Filer will only trade Crypto Contracts based on Crypto Assets that are not in and of themselves securities or derivatives.
- XXIV. The Filer will evaluate Crypto Assets as set out in representations 16 to 20.
- XXV. The Filer will not trade Crypto Assets or Crypto Contracts based on Crypto Assets with a client in a Jurisdiction, without the prior written consent of the regulator or securities regulatory authority of the Jurisdiction, where the Crypto Asset was issued by or on behalf of a person or company that is or has in the last five years been the subject of an order, judgment, decree, sanction, fine or administrative penalty imposed by, or has entered into a settlement agreement with, a government or government agency, administrative agency, self-regulatory organization, administrative tribunal or court in Canada or in a Specified Foreign Jurisdiction in relation to a claim based in whole or in part on fraud, theft, deceit, aiding and abetting or otherwise facilitating criminal activity, misrepresentation, violation of AML laws, conspiracy, breach of trust, breach of fiduciary duty, insider trading, market manipulation, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar or analogous conduct.
- XXVI. Except to allow clients to liquidate their positions in those Crypto Contracts or transfer such Crypto Assets to a blockchain address specified by the client, the Filer will promptly stop trading Crypto Contracts where the underlying is a Crypto Asset if (i) the Filer determines it to be, (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada or the foreign jurisdiction with which the Crypto Asset has the most significant connection determines it to be or (iii) the Filer is made aware or is informed that the Crypto Asset is viewed by a regulator or securities regulatory authority to be, a security and/or a derivative.

Financial Viability

- XXVII. The Filer will maintain sufficient financial resources for the proper operation of the marketplace and for its performance of its marketplace functions in furtherance of its compliance with these terms and conditions.
- XXVIII. The Filer will notify the principal regulator immediately upon becoming aware that the Filer does not or may not have sufficient financial resources in accordance with the requirements of condition XXVII.

Data Reporting

- XXIX. The Filer will provide the following information to the Principal Regulator and to the securities regulatory authority or regulator in each of the Non-Principal Jurisdictions with respect to clients

in those jurisdictions individually, within 30 days of the end of each March, June, September and December:

- (a) aggregate reporting of activity conducted pursuant to Crypto Contracts that will include the following:
 - (i) number of client accounts opened each month in the quarter,
 - (ii) number of client accounts closed each month in the quarter,
 - (iii) number of client accounts rejected each month in the quarter,
 - (iv) number of trades in each month in the quarter,
 - (v) number of client directed trades each month in the quarter,
 - (vi) average value of the trades in each month in the quarter,
 - (vii) number of client accounts with a net acquisition cost greater than \$30,000 of Crypto Assets at the end of each month in the quarter,
 - (viii) number of client accounts with no trades during the quarter,
 - (ix) number of client accounts that have not been funded at the end of each month in the quarter, and
 - (x) number of client accounts that hold a positive amount of Crypto Assets at the end of each month in the quarter;
- (b) the details of any client complaints received by the Filer during the calendar quarter and how such complaints were addressed;
- (c) the details of any fraudulent activity or cybersecurity incidents on the Platform during the calendar quarter, any resulting harms and effects on clients, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future;
- (d) the amount of crypto assets held in hot storage as of the end of the quarter
- (e) the amount of the guarantee described in paragraph 72 as of the end of the quarter; and
- (f) the name of the financial institution and the amount of money held at the end of the quarter in an account with the financial institution, separate from the Filer's operational accounts and Filer's client accounts, to supplement any insurance policy or guarantee relating to the Filer's hot wallets.

Trade Reporting Data

- XXX. The Filer will deliver to the regulator or the securities regulatory authority in each of the Applicable Jurisdictions, in a form and format acceptable to the regulator or the securities regulatory authority,

a report that includes the following anonymized account-level data for activity conducted pursuant to a Crypto Contract for each client within 30 days of the end of each March, June, September and December:

- (a) unique account number and unique client identifier, as applicable;
- (b) jurisdiction where the client is located;
- (c) the date the account was opened;
- (d) the amount of fiat held at the beginning of the reporting period and at the end of the reporting period;
- (e) cumulative realized gains/losses since account opening in CAD;
- (f) unrealized gains/losses as of the report end date in CAD;
- (g) quantity traded, deposited and withdrawn by Crypto Asset during the quarter in number of units;
- (h) Crypto Asset traded by the client;
- (i) quantity held of each Crypto Asset by the client as of the report end date in units;
- (j) CAD equivalent aggregate value for each Crypto Asset traded by the client, calculated as the amount in (i) multiplied by the market price of the asset in (h) as of the report end date;
- (k) age of account in months.

XXXI. Until such time as the Filer can deliver annual financial statements in accordance with subsection 12.10(2) of NI 31-103, the Filer will deliver annual unaudited financial statements of the Filer and the annual audited financial statements of FLC for each financial year to the Principal Regulator as soon as they are available.

XXXII. The Filer will deliver to the regulator or the securities regulatory authority in each of the Applicable Jurisdictions, in a form and format acceptable to the regulator or the securities regulatory authority, a report that includes the following aggregated quarterly information relating to trading activity on the Platform within 30 days of the end of each March, June, September and December:

- (a) total number of trades and total traded value on a by pair basis, with each such reported value further broken out by the proportion of trades and traded value that were a result of trades between two clients compared to trades between a client and the Filer or affiliate of the Filer.
- (b) total number of executed client orders and total value of executed client orders on a by pair basis, with each such reported value further broken out by the proportion of executed market orders compared to executed limit orders.

XXXIII. The Filer will provide to the Principal Regulator quarterly summary statistics on its trade monitoring and complaint handling activities in relation to the Platform, including the following:

- (a) the number of instances of improper trading activity identified, by category, and the proportion of each such category that arose from client complaints/reports;
- (b) the number of instances in (a) that were further investigated or reviewed, by category;
- (c) the number of investigations in (b), by category, that were closed with no action;
- (d) a summary of each investigation in (c) that was escalated for action to be taken, including a description of the action taken in each case; and
- (e) a summary of the status of any open investigations.

XXXIV. The Filer will deliver to the Principal Regulator, within 30 days of the end of each March, June, September and December, either:

- (a) blackline copies of changes made to the policies and procedures on the operations of its wallets (including, but not limited to, establishment of wallets, transfer of Crypto Assets into and out of the wallets and authorizations to access the wallets) previously delivered to the Principal Regulator; or
- (b) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.

XXXV. In addition to any other reporting required by Legislation, the Filer will provide, on a timely basis, any report, data, document or information to the Principal Regulator, including any information about the Filer's custodian(s) and the Crypto Assets held by the Filer's custodian(s) that may be requested by the Principal Regulator from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in the Decision, in a format acceptable to the Principal Regulator.

XXXVI. Upon request, the Filer will provide the Principal Regulator and the securities regulators or securities regulatory authorities of each of the Non-Principal Jurisdictions with aggregated and/or anonymized data concerning client demographics and activity on the Platform that may be useful to advance the development of the Canadian regulatory framework for trading crypto assets.

Marketplace Activities – Fair Access

XXXVII. The Filer will not unreasonably prohibit, condition or limit access to the Platform and related services.

XXXVIII. The Filer will not permit unreasonable discrimination among clients of the Platform.

Marketplace Activities – Market Integrity

XXXIX. The Filer will take reasonable steps to ensure its operations do not interfere with fair and orderly markets in relation to the Platform.

- XL. The Filer will not provide access to the Platform unless it has the ability to terminate all or a portion of a client's access, if required.
- XLI. The Filer will maintain accurate records of all of its trade monitoring and complaint handling activities in relation to the Platform, and of the reasons for actions taken or not taken. The Filer will make such records available to the Principal Regulator upon request.
- XLII. The Filer must monitor each client's compliance with restrictions relating to its use of the Platform, including complying with the Trading Requirements and applicable securities laws (any violation of these requirements, a Prohibited Use) and report breaches of securities law, as appropriate, to the applicable securities regulatory authority or regulator.

Marketplace Activities – Conflicts of Interest

- XLIII. The Filer will annually review compliance with the policies and procedures that identify and manage conflicts of interest described in representations 58 and 59 and will document in each review any deficiencies that were identified and how those deficiencies were remedied.

Marketplace Activities – Transparency of Operations and of Order and Trade Information

- XLIV. The Filer will publicly disclose information reasonably necessary to enable a person or company to understand the marketplace operations or services, including at a minimum:
- (a) access criteria, including how access is granted, denied, suspended or terminated and whether there are differences between clients in access and trading;
 - (b) risks related to operation and trading on the Platform, including loss and cyber risk;
 - (c) hours of trading;
 - (d) all fees and any compensation provided to the Filer or its affiliate, including foreign exchange rates, spreads, etc.;
 - (e) how orders are entered, handled and interact including:
 - (i) the circumstances where orders trade with the Filer or an affiliate acting as principal or a liquidity provider, including any compensation provided, and
 - (ii) where entered onto the Order Book, the types of orders, how orders interact, are matched and are executed;
 - (f) policies and procedures relating to error trades, cancellations, modifications and dispute resolution;
 - (g) a list of all crypto assets and products available for trading on the Platform, along with associated Crypto Asset Statements;

- (h) conflicts of interest and the policies and procedures to manage them;
- (i) process for payment and settlement of transactions;
- (j) how the Filer safeguards client assets, including the extent to which the Platform self-custodies client assets, along with the identity of any third-party custodians relied on by the platform to hold client assets;
- (k) access arrangements with third-party services providers, if any; and
- (l) rules governing trading, including prevention of manipulation and other market abuse.

XLV. For orders and trades entered to and executed on the Platform, the Filer will make available to clients of the Platform an appropriate level of information regarding those orders and trades in real-time to facilitate clients' investment and trading decisions, as described in representation 52.

XLVI. The Filer will make publicly available on its website, on a timely basis, an appropriate level of information about trades that have occurred on the Platform, as described in representation 52.

Marketplace Activities – Confidentiality

XLVII. The Filer will not release a client's order or trade information to a person or company, other than the client, a securities regulatory authority or a regulation services provider unless:

- (a) the client has consented in writing to the release of the information;
- (b) the release is made under applicable law; or
- (c) the information has been publicly disclosed by another person or company and the disclosure was lawful.

Clearing Agency

XLVIII. The Filer will not operate a "clearing agency" or "clearing house" as the terms are defined or referred to in securities or commodities futures legislation. For any clearing or settlement activity conducted by the Filer incidental to the Filer engaging in the business of a Crypto Asset dealer and marketplace, the Filer will:

- (a) maintain adequate procedures and processes to ensure the provision of accurate and reliable settlement services in connection with Crypto Assets; and

- (b) maintain appropriate risk management policies and procedures and internal controls to minimize the risk that settlement will not take place as expected.

Marketplace Activities – Time-Limited Relief

- XLIX. The Filer will disclose to clients that the Filer has been registered as a restricted dealer in the Applicable Jurisdictions subject to specified terms and conditions that are the subject of a specific order and as such may not be subject to all requirements otherwise applicable to an investment dealer and IIROC member, including those that apply to marketplaces and to trading on marketplaces.

Changes to and Expiration of Decision

- L. The Filer will promptly make any changes to its business practices or policies and procedures that may be required to address investor protection concerns that may be identified by the Filer or by the Principal Regulator arising from the operation of the Platform.
- LI. The Filer will, if it intends to operate the platform in Ontario and Québec after the expiry of the Decision, take the following steps:
 - (a) submit an application to the OSC and the Autorité des marchés financiers (AMF), to become registered as an investment dealer no later than 12 months after the date of the Decision;
 - (b) submit an application with IIROC to become a dealer member no later than 12 months after the date of the Decision; and
 - (c) work actively and diligently with the OSC, the AMF and IIROC to transition the Platform to investment dealer registration and obtain IIROC membership.
- LII. This Decision shall expire on the date that is two years from the date of this Decision.
- LIIL. This Decision may be amended by the Principal Regulator upon prior written notice to the Filer in accordance with applicable securities legislation.

DATED this 30th day of November, 2021.

In respect of the Prospectus Relief,

“Wendy Berman”

Wendy Berman
Vice Chair
Ontario Securities Commission

“Lawrence P. Haber”

Lawrence Haber
Commissioner
Ontario Securities Commission

In respect of the Requested Relief other than the Prospectus Relief,

“Susan Greenglass”

Susan Greenglass
Director, Market Regulation
Ontario Securities Commission

APPENDIX A

LOCAL TRADE REPORTING RULES AND MARKETPLACE RULES

In this Decision,

a) the “Local Trade Reporting Rules” collectively means each of the following:

- (1) Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting (**OSC Rule 91-507**);
- (2) Part 3, Data Reporting of Manitoba Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting (**MSC Rule 91-507**); and
- (3) Part 3, Data Reporting of Multilateral Instrument 96-101 Trade Repositories and Derivatives Data Reporting in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and Yukon (**MI 96-101**); and

b) the “Marketplace Rules” collectively means each of the following:

- (1) National Instrument 21-101 – *Marketplace Operation* (**NI 21-101**) in whole;
- (2) National Instrument 23-101 – *Trading Rules* (**NI 23-101**) in whole; and
- (3) National Instrument 23-103 – *Electronic Trading and Direct Electronic Access to Marketplaces* (**NI 23-103**) in whole.

APPENDIX B

LIST OF SPECIFIED CRYPTO ASSETS

- Bitcoin
- Ether
- Bitcoin Cash
- Litecoin