

2023 BCSECCOM 590

Headnote

Application for time-limited relief from certain prospectus, trade reporting, and marketplace 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 and will expire upon the earlier of May 30, 2024 or the date the Filer transitions its client accounts to its Canadian Investment Regulatory Organization affiliate – relief granted based on the particular facts and circumstances of the application with the objective of fostering innovation in Canada – decision should not be viewed as precedent for other filers in the jurisdictions of Canada..

Statute cited

Securities Act, R.S.O. 1990, c. S.5, as amended, s. 1(1), 53 & 74

Instrument, Rule or Policy cited

Multilateral Instrument 11-102 *Passport System*, s. 4.7

National Instrument 21-101 *Marketplace Operation*

National Instrument 23-101 *Trading Rules*

National Instrument 23-103 *Electronic Trading and Direct Access to Marketplaces*

OSC Rule 91-506 *Derivatives: Product Determination*, s. 2 & 4

OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, Part 3

**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, QUÉBEC, 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 CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* (**Staff Notice 21-327**) and Joint CSA/Investment Industry Regulatory Organization of Canada (**IIROC**) Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* (**Staff Notice 21-329**), securities legislation applies to crypto asset trading platforms (**CTPs**) that facilitate or propose to facilitate the trading of instruments or contracts involving anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token (a **Crypto Asset**) 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 Canadian Securities Administrators (**CSA**) have considered an interim, time-limited registration that would allow CTPs to operate within a regulated environment, with regulatory requirements tailored to the CTP's operations. The overall goal of the regulatory environment 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 is currently approved to operate a marketplace and is registered in the category of restricted dealer in the Applicable Jurisdictions (as defined below). In connection with its registration as a restricted dealer, the Filer previously applied for and received exemptive relief in a decision dated November 30, 2021 on terms substantially similar to this decision (**Decision**). The Filer's registration is also currently subject to additional terms and conditions in relation to the Filer's provision of staking services.

Under the terms and conditions of the decision *In the Matter of Bitbuy Technologies Inc.* dated November 30, 2021 (the **Prior Decision**) and the terms and conditions imposed on its registration, the Filer has operated, and continues to operate, on an interim basis, a platform (the **Platform**) that permits clients resident in Canada to enter into Crypto Contracts with the Filer to purchase, sell, hold, stake, deposit and withdraw Crypto Assets.

The exemptive relief granted under the Prior Decision expires on November 30th, 2023.

The Filer has submitted an application to extend its existing exemptive relief in order to continue to operate the Platform on an interim basis until the client accounts of the Filer are transferred to Coinsquare Capital Markets Ltd. (**CCML**), and to incorporate the terms and conditions into the Decision related to the Filer's provision of staking services and offering of Crypto Contracts based on Value-Referenced Crypto Assets (as defined below).

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 Ontario (the **Jurisdiction**) has received an application from the Filer (the **Passport Application**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) extending the time-limited exemption of the Filer from the prospectus requirements under the Legislation in respect of the Filer entering into Crypto Contracts with clients to purchase, hold, sell, deposit, withdraw and stake Crypto Assets (the **Prospectus 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 (collectively, 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, Saskatchewan and Nova Scotia, the Marketplace Rules (as defined in Appendix A) (the **Marketplace Relief**).

Collectively, the Prospectus 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 decision in respect of the Trade Reporting Relief and the Marketplace Relief is the decision of the Principal Regulator and evidences the decision of each applicable Coordinated Review Decision Maker.

Interpretation

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

For the purposes of this Decision:

- (a) “Acceptable Third-party Custodian” means an entity that
 - (i) is one of the following:
 - A. a Canadian custodian or Canadian financial institution, as those terms are defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103);
 - B. a custodian qualified to act as a custodian or sub-custodian for assets held in Canada pursuant to section 6.2 [Entities Qualified to Act as Custodian or Sub-Custodian for Assets Held in Canada] of National Instrument 81-102 *Investment Funds*;
 - C. a custodian that meets the definition of an “acceptable securities location” in accordance with the Investment Dealer and Partially Consolidated Rules and Form 1 of Canadian Investment Regulatory Organization (CIRO);
 - D. a foreign custodian (as defined in NI 31-103) for which the Filer has obtained the prior written consent from the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s); or
 - E. an entity that does not meet the criteria for a qualified custodian (as defined in NI 31-103) and for which the Filer has obtained the prior written consent from the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s);
 - (ii) is functionally independent of the Filer within the meaning of NI 31-103;
 - (iii) has obtained audited financial statements within the last twelve months which
 - A. are audited by a person or company that is authorized to sign an auditor’s report under the laws of a jurisdiction of Canada or a foreign jurisdiction and that meets the professional standards of that jurisdiction;
 - B. are accompanied by an auditor’s report that expresses an unqualified opinion; and
 - C. unless otherwise agreed to by the Principal Regulator, discloses on their statement of financial position or in the notes of the audited financial statements the amount of liabilities that it owes to its clients for holding their assets, and the amount of assets held by the custodian to meet its obligations to those custody clients, broken down by asset; and

- (iv) has obtained a Systems and Organization Controls (SOC) 2 Type 1 or SOC 2 Type 2 report within the last twelve months or has obtained a comparable report recognized by a similar accreditation board satisfactory to the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s).

(b) “Accredited Crypto Investor” means

a. an individual

- i. 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;
- ii. 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;
- iii. 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
- iv. who, alone or with a spouse, beneficially owns net assets of at least \$5,000,000;

- b. 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
- c. 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. “Act” means the *Securities Act* (Ontario).

(c) “Act” means the *Securities Act* (Ontario).

(d) “AML” means anti-money laundering.

(e) “API” means application programming interface.

(f) “Apps” means iOS and Android applications that provide access to the Platform.

(g) “CIPF” means the Canadian Investor Protection Fund.

(h) “Crypto Asset Statement” means the statement described in representation 28(b)(v).

- (i) “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.
- (j) “Form 21-101F2” means Form 21-101F2 Information Statement Alternative Trading System.
- (k) “IOSCO” means the International Organization of Securities Commissions.
- (l) “Platform’s Terms and Conditions” means the terms and conditions that apply to the access and use of the Platform.
- (m) “Proprietary Token” means, with respect to a person or company, a Crypto Asset that is not a Value-Referenced Crypto Asset, and for which the person or company or an affiliate of the person or company acted as the issuer (and mints or burns the Crypto Asset) or a promoter.
- (n) “Specified Crypto Asset” means the Crypto Assets listed in Appendix B to this Decision.
- (o) “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, the United States of America, and any other jurisdiction that the Principal Regulator may advise.
- (p) “Staking” means the act of committing or locking Crypto Assets in smart contracts to permit the owner or the owner’s agent to act as a Validator for a particular proof-of-stake consensus algorithm blockchain.
- (q) “Validator” means, in connection with a particular proof of stake consensus algorithm blockchain, an entity that operates one or more nodes that meet protocol requirements for a Crypto Asset and participates in consensus by broadcasting votes and committing new blocks to the blockchain.

- (r) “Value-Referenced Crypto Asset” means a Crypto Asset that is designed to maintain a stable value over time by referencing the value of a fiat currency or any other value or right, or combination thereof.
- (s) “Website” means the website <https://bitbuy.ca> or such other website as may be used to host the Platform from time to time.

In this Decision, a person or company is an affiliate of another person or company if

- (a) one of them is, directly or indirectly, a subsidiary of the other, or
- (b) each of them is controlled, directly or indirectly, by the same person.

Representations

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 Toronto, Ontario.
2. The Filer is a wholly owned subsidiary of Bitbuy Holdings Inc. (**BHI**).
3. The Filer is registered with The Financial Transactions and Reports Analysis Centre of Canada (**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.
4. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada. However, a majority of the voting securities of BHI are controlled by WonderFi Technologies Inc. WonderFi Technologies Inc. is a reporting issuer under the legislation of the Applicable Jurisdictions and its securities are listed for trading on the Toronto Stock Exchange.
5. The Filer is registered as a dealer in the category of restricted dealer with the Applicable Jurisdictions.
6. 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. The Filer currently has three dealing representatives.
7. Subject to the Decision requested being granted prior to the expiry of the Prior Decision, the Filer is not in default of securities legislation of any jurisdictions of Canada.

8. The Filer and CCML have been actively and diligently working with CIRO to transition the client accounts of the Filer to CCML (the Transition), including:
 - (a) analyzing the rules that apply to members of CIRO (**CIRO Rules**) to identify areas where exemptive relief from CIRO Rules may be required in light of the Platform and the Filer's activities as compared to CCML's;
 - (b) preparing responses to written requests for information received from CIRO staff;
 - (c) preparing and presenting on the Platform at numerous meetings with CIRO staff;
 - (d) preparing draft exemptive relief applications, where such relief may be required from CIRO;
 - (e) planning and implementing changes to CCML's platform to accommodate Platform offerings in accordance with CIRO's requirements; and
 - (f) developing a structure for the legal transaction by which the client accounts owned by the Filer will be transferred to CCML.
9. The Filer requires additional time to complete the transfer of the Filer's client accounts to CCML. The Filer anticipates the following key steps will need to be taken:
 - (a) responding to any further requests for information from CIRO;
 - (b) submitting applications for exemptive relief to CIRO and addressing any comments on those applications;
 - (c) receiving CIRO approval of the sale of the client accounts of the Filer to CCML;
 - (d) receiving the Principal Regulator's non-objection to CCML's proposed acquisition of all client accounts of the Filer; and
 - (e) completing the Transition of the Filer's client accounts to CCML, after providing notice to the Filer's key stakeholders, including clients, custodians and liquidity providers.
10. Transition efforts have involved members of the operational, legal, trading, financial, product, engineering, security, finance, fraud, communications, and compliance teams of both the Filer and CCML. The Filer and CCML will continue to work actively and diligently with CIRO to effect the Transition of the client accounts of the Filer to CCML and under the oversight of CIRO.
11. The Filer and CCML will continue to work actively and diligently with CIRO to transition the client accounts of the Filer to CCML and under the oversight of CIRO. The Filer will cease any clearing activities or marketplace activities, including anything requiring Marketplace Relief, after the Transition and in any event, no later than the date of expiry of this Decision.

The Platform

12. The Filer operates under the business name of “Bitbuy”. The Filer operates the Platform, which enables clients to buy, sell, hold, stake, deposit, and withdraw Crypto Assets through the Platform.
13. To use the Platform, each client must open an account (Client Account) using the Website or Apps. Client Accounts are governed by a user agreement (Client Account Agreement) that is accepted by clients at the time of account opening. The Client Account Agreement governs all activities in Client Accounts, including with respect to all Crypto Assets purchased on, or transferred to, the Platform (Client Assets). While clients are entitled to transfer certain Client Assets out of their Client Accounts immediately after purchase, clients may choose to leave their Client Assets in their Client Accounts.
14. The Filer’s role under the Crypto Contract is to facilitate the buying, selling, and staking of Crypto Assets and to provide custodial services for all Crypto Assets held in Client Accounts.
15. The Filer’s trading of Crypto Contracts is consistent with activities described in Staff Notice 21-327 and constitutes the trading of securities and/or derivatives.
16. The Filer may buy, sell, borrow or hold Crypto Assets in its inventory for operational purposes, such as payment of network/transaction fees required to transfer Crypto Assets and testing. The Filer holds proprietary crypto positions for working capital purposes. The Filer does not have any authority to act on a discretionary basis on behalf of clients and will not manage any discretionary accounts.
17. The Filer is not a member firm of the CIPF and the Crypto Contracts 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 includes 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.

Crypto Assets Made Available through the Platform

18. The Filer has established and applies policies and procedures to review each Crypto Asset and to determine whether to allow clients on its Platform to enter into Crypto Contracts to buy, sell, stake, or hold the Crypto Asset on its Platform in accordance with the know-your-product (**KYP**) provisions of NI 31-103 (**KYP Policy**). 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.
- 19. The Filer only offers and only allows clients the ability to enter into Crypto Contracts based on Crypto Assets that (a) are not each themselves a security and/or a derivative, or (b) are Value-Referenced Crypto Assets, in accordance with condition Y of this Decision.
- 20. The Filer does not allow clients to enter into a Crypto Contract to buy, sell or stake Crypto Assets unless the Filer has taken steps to:
 - (a) assess the relevant aspects of each Crypto Asset pursuant to the KYP Policy and as described in representation 18 to determine whether it is appropriate for its clients,
 - (b) approve the Crypto Asset, and Crypto Contracts to buy, sell and stake such Crypto Asset, to be made available to clients,
 - (c) determine that entering into the Crypto Contract is suitable for the client, and
 - (d) monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.
- 21. The Filer is not engaged, and will not engage without the prior written consent of the Principal Regulator, 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, its issuers or affiliates or associates of such persons.
- 22. As set out in the KYP Policy, the Filer determines whether a Crypto Asset available to be bought or 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.

23. The Filer monitors ongoing developments related to the Crypto Assets available on its Platform that may cause a Crypto Asset's status as a security and/or derivative or the assessment conducted by the Filer pursuant to its KYP Policy and as described in representations 18 and 22 above to change.
24. The Filer acknowledges that any determination made by the Filer as set out in representations 18 to 23 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 that a client may enter into a Crypto Contract to buy and sell is a security and/or derivative.
25. The Filer has established and applies policies and procedures to promptly stop the trading of any Crypto Asset available on its Platform and to allow clients to liquidate in an orderly manner their positions in Crypto Contracts with underlying Crypto Assets that the Filer ceases to make available on its Platform.

Account Opening

26. The Platform is available to any person who is resident in Canada, who has reached the age of majority in the jurisdiction in which they are resident, and who has the legal capacity to open a securities brokerage account.
27. Clients of the Filer open an account on the Platform via the Website or the Apps. Clients use their Client Accounts to trade in Crypto Contracts. The Apps and Website clearly indicate that the Platform is operated by the Filer.
28. As part of the account opening process:
 - (a) the Filer complies with the applicable "know your client" account opening requirements under the applicable legislation and under Canadian anti-money laundering and anti-terrorist financing laws by collecting know-your-client (**KYC**) information which satisfies the identity verification requirements applicable to reporting entities, 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 provides a prospective client with a separate statement of risk (the **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 or regulator in Canada has assessed or endorsed the Crypto Contracts or the Crypto Assets made available through the Platform;

- (iv) the due diligence performed by the Filer before making a Crypto Asset available through the Platform, including the due diligence performed by the Filer to assess whether the Crypto Asset is a security and/or derivative under the securities and derivatives 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 and of the risks of the 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 the manner in which Crypto Assets are held for the client, and the risks and benefits to the client of the Crypto Assets being held in that location and in that manner, including the impact of insolvency of the Filer or the Acceptable Third-party Custodian;
 - (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 CIPF and the Crypto Contracts and the Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection;
 - (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; and
 - (xi) the date on which the information was last updated.
- (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;

- (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 the 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); and
 - (x) the date on which the information was last updated.
29. In order for a prospective client to open and operate a Client Account with the Filer, the Filer obtains 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.
30. A copy of the Risk Statement acknowledged by a client is made available to the client in the same place as the client's other statements on the Platform. The most recent Risk Statement is available on the Platform.
31. The Filer applies written 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, clients of the Filer will be promptly notified of the update and provided with a copy of the updated Risk Statement. In the event a Crypto Asset Statement is updated, clients of the Filer will be promptly notified, with links provided to the updated Crypto Asset Statement.

32. The Filer conducts a trade-by-trade suitability determination for clients. Before a client enters into a Crypto Contract to buy a Crypto Asset, the Filer provides instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which includes a link to the Crypto Asset Statement on the Website or the Apps.
33. Each Crypto Asset Statement includes:
 - (a) a prominent statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or any of the Crypto Assets made available through the Platform;
 - (b) a description of the Crypto Asset, including the background of the creation of the Crypto Asset, including the background of the developer(s) 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.
34. The Filer also prepares and makes available to its clients, on an ongoing basis and in response to emerging issues in Crypto Assets, educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets.
35. In addition to the Risk Statement, Crypto Asset Statement and ongoing education initiatives described in representations 28 to 34, and the trade-by-trade suitability determination described in representation 32, the know-your-product assessments described in representations 18 to 23, the Filer also monitors client activity, and contacts 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 suitable for the client, or that additional education is required. The outcome of this engagement with a client may result, in some cases, in a decision by the Filer to close a client's account.

Platform Operations

36. The Platform is a facility for trading securities and/or derivatives and, in some jurisdictions, is a marketplace under applicable securities legislation.
37. All Crypto Contracts entered into by clients to buy and sell Crypto Assets are placed with the Filer through the Apps or Website.
38. Clients are able to submit orders, either in units of the applicable Crypto Asset or in fiat currency, 24 hours a day, 7 days a week. Clients are able to deposit and withdraw certain Crypto Assets and Canadian dollars, 24 hours a day, 7 days a week (or where applicable, for fiat currency during banking hours).
39. 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.
40. The Filer relies upon multiple crypto asset trading firms (**Liquidity Providers**) to act as sellers of Crypto Assets that may be purchased by clients. Liquidity Providers also buy any Crypto Assets that clients wish to sell.
41. The Filer evaluates the prices obtained from its Liquidity Providers on an ongoing basis against global benchmarks to provide fair and reasonable pricing to its clients.
42. The Filer has taken or will take reasonable steps to verify that each Liquidity Provider is appropriately registered and/or licensed to trade 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.
43. The Filer has verified that each Liquidity Provider has effective policies and procedures to address concerns relating to fair price, fraud and market manipulation.

44. Clients may place buy and sell orders using either the Platform's pro feature (the **Pro Feature**) or express feature (the **Express Feature**).
45. 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**).
46. 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 a best-execution order router which will automatically find the best available price between the Filer and its liquidity providers.
47. In addition to access to the Platform through the Pro Feature and the Express Feature via the Website and the Apps, 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 and algo strategies. 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.
48. The Filer also offers over-the-counter (**OTC**) trading services. These services are subject to securities legislation, including the terms and conditions of this Decision. 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. The Filer allows clients to designate the wallet address for Crypto Assets to be purchased by or sold from. The Filer will immediately deliver, as described in Staff Notice 21-327, any purchased Crypto Assets to the purchaser or seller at a blockchain wallet address specified by the purchaser which is not under the ownership, possession, or control of the Filer.
49. 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.
50. 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 48 results in a bilateral contract between the client and the Filer.
51. After an order has been placed by a client, the Filer obtains a price for the Crypto Asset from a Liquidity Provider, after which the Filer incorporates a fee to compensate the Filer, and presents this total cost to the client. If the client is agreeable, the client confirms the trade. The Filer confirms

the transaction with the Liquidity Providers and records in its books and records the particulars of the trade.

52. The Filer is compensated through trading fees, staking 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.

Pre-trade Controls and Settlement

53. The Filer does not allow clients to enter into a Crypto Contract to buy and sell Crypto Assets unless the Filer has taken steps:
- (a) to review the Crypto Asset, including the information specified in representation 18,
 - (b) to approve the Crypto Asset, and Crypto Contracts to buy, sell or stake such Crypto Asset, to be made available to clients,
 - (c) as set out in representation 23, to monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.
54. The Filer's books and records record all of the trades executed on the Platform. No order will be accepted by the Filer unless there are sufficient cash or Crypto Assets available in the Client Account to complete the trade. When a client's order is matched through the Platform's with another client's order, the books and records update 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.
55. 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.
56. Clients can transfer fiat currency to or withdraw fiat currency from their account by Interac e-transfer, electronic funds transfer or bank wire.
57. The Filer does not, and will not, extend margin, credit or other forms of leverage to clients in connection with trading Crypto Assets on the Platform, and will not offer derivatives based on Crypto Assets to clients other than Crypto Contracts.
58. The Filer promptly, and no later than two business days after the trade, settles transactions with the Liquidity Providers on a net basis. Where there are net purchases of Crypto Assets with a Liquidity Provider, the Filer arranges for cash to be transferred to the Liquidity Provider and Crypto Assets to be sent by the Liquidity Provider to the Filer. Where there are net sales of Crypto Assets, the

Filer arranges for Crypto Assets to be sent from the Filer to the Liquidity Provider in exchange for cash received by the Filer from the Liquidity Provider.

59. Clients receive electronic trade confirmations and monthly statements setting out the details of the transaction history in their Client Account. Clients are able to view their transaction history and account balances in real time by accessing their Client Account using the Apps or Website.
60. 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 28(c)(vii).
- 61. 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.
- 62. The Filer maintains effective internal controls over systems that support order entry and execution, including that 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.
- 63. The Filer has policies, procedures, and internal controls covering operational risk, custody risk and liquidity risk. The Filer has filed with the Principal Regulator completed exhibits to the Form 21-101F2 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.
64. 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.
65. 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.
66. The Filer has established and maintains and ensures compliance with policies and procedures that identify and manage 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.
67. The policies and procedures identified in representation 66 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.
68. 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

69. The Filer has established accounting practices, internal controls and safekeeping and segregation procedures intended to protect clients' assets.
70. The Filer holds clients' Crypto Assets (i) in blockchain wallets or accounts clearly designated for the benefit of clients or in trust for clients, (ii) separate and apart from its own assets (including crypto assets held in inventory for the Filer for operational purposes) and from the assets of any custodial service provider, and (iii) separate and apart from the assets of non-Canadian clients. The Filer is not permitted to pledge, re-hypothecate or otherwise use any Crypto Assets owned by its clients.
71. The Filer is proficient and experienced in holding Crypto Assets and has established and applies policies and procedures that manage and mitigate custodial risks, including an effective system of controls and supervision to safeguard Crypto Assets. The Filer also maintains appropriate policies and procedures related to information technology security, cyber-resilience, disaster recovery capabilities, and business continuity plans.
72. The Filer maintains its own hot wallets to hold limited amounts of Crypto Assets that will be used to facilitate client deposit and withdrawal requests and to facilitate trade settlement with Liquidity Providers. However, the majority of Crypto Assets are held with two custodians (the **Custodians**):
 - (a) BitGo Trust Company Inc. (**BitGo Trust**) is licensed as a trust company with the South Dakota Division of Banking.
 - (b) Tetra Trust Company (**Tetra Trust**) is licensed as an Alberta trust company regulated by the Alberta Treasury Board and Finance.
73. The Filer has conducted due diligence on the Custodians, including, among others, the custodian's policies and procedures for holding Crypto Assets and a review of their respective SOC 2 Type 2 examination reports. The Filer has not identified any material concerns. The Filer has also assessed whether each Custodian meets the definition of an Acceptable Third-party Custodian.
74. The Custodians operate custody accounts for the Filer to use for the purpose of holding the clients' Crypto Assets in trust for clients of the Filer.
75. Those Crypto Assets that the Custodians hold in trust for clients of the Filer are held in segregated omnibus accounts in the name of the Filer in trust for or for the benefit of the Filer's clients and are held separate and distinct from the assets of the Filer, the Filer's affiliates, and the Custodians' other clients.
76. The Filer has and will retain the services of Custodians to hold not less than 80% of the total value of Crypto Assets held on behalf of clients. Up to 20% of the Filer's total client Crypto Assets may be held online in "hot wallets".

77. Each Custodian 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 and to mitigate security breaches and cyber incidents. Each Custodian has established and applies written disaster recovery and business continuity plans.
78. The Filer has assessed the risks and benefits of using the Custodians and has determined that it is prudent and beneficial to use both Canadian custodians (as that term is defined in NI 31-103), as well as U.S. custodians, to hold the Crypto Assets the Custodians support with the Custodians than solely using a Canadian custodian. The Filer also considers it prudent to maintain relationships with more than one custodian so that it can provide back-up custodial services in appropriate circumstances for Crypto Assets supported by the Filer.
79. Each of the Custodians maintains an appropriate level of insurance for Crypto Assets held by the Custodian. The Filer has assessed the Custodians' insurance policies and has determined, based on information that is publicly available and on information provided by the Custodians and considering the controls of the Custodians' business, that the amount of insurance is appropriate.
80. The Filer confirms on a daily basis that clients' Crypto Assets held with the Custodians and held by the Filer reconcile with the Filer's books and records to ensure that all clients' Crypto Assets are accounted for. Clients' Crypto Assets held in trust for their benefit in hot wallets and with Custodians are deemed to be the clients' Crypto Assets in case of the insolvency and/or bankruptcy of the Filer or of its Custodians.
81. Clients are permitted to transfer into their Client Account with the Filer, Crypto Assets they obtained outside the Platform or withdraw from their Client Account with the Filer, Crypto Assets they have purchased pursuant to their Crypto Contracts with the Filer or previously deposited with the Filer. The Filer may not support transfers for all Crypto Assets. Upon request by a client, the Filer will promptly deliver possession and/or control of the Crypto Assets purchased under a Crypto Contract to a blockchain address specified by the client, subject to first satisfying all applicable legal and regulatory requirements, including anti-money laundering requirements and anti-fraud controls.
82. The Filer licenses software from Fireblocks Ltd. (**Fireblocks**) which includes a crypto asset wallet that stores private and public keys and interacts with various blockchains to send and receive crypto assets and monitor balances. Fireblocks uses secure multiparty computation to share signing responsibility for a particular blockchain address among multiple independent persons.
83. Fireblocks has obtained a SOC report under the SOC 2 – Type 2 standards from a leading global audit firm. The Filer has reviewed a copy of the SOC 2 – Type 2 audit report prepared by the auditors of Fireblocks, and has not identified any material concerns
84. The Filer has licensed software from Digital Assets Services Limited (trading as Coincover) (**Coincover**) to provide additional security for keys to Crypto Assets held by the Filer using

Fireblocks, including key pair creation, key pair storage, device access recovery and account access recovery.

85. In addition to the insurance coverage available through Fireblocks for Crypto Assets held in its hot wallets, the Filer has obtained a guarantee through Coincover. Coincover provides a guarantee to the Filer against the theft or loss of cryptocurrency owned, held in trust or managed by the Filer for its clients in a wallet provided by Fireblocks.
86. The insurance obtained by the Filer includes coverage for loss or theft of the Crypto Assets, in accordance with the terms of the Filer's insurance policy, and the Filer has assessed the insurance coverage to be sufficient to cover the loss of Crypto Assets, whether held directly by the Filer or indirectly through the Custodians.
87. Any hot wallet service provider and technology security provider that will be used by the Filer will have insurance coverage in the event of loss or theft of Crypto Assets.

Staking Services

88. The Filer also offers staking services to its clients resident in each of the provinces and territories of Canada by which the Filer arranges to stake Crypto Assets and earn staking rewards for participating clients (the **Staking Services**).
89. The Filer offers clients the Staking Services only for (i) Crypto Assets of blockchains that use a proof of stake consensus mechanism and (ii) the staked Crypto Assets that are used to guarantee the legitimacy of new transactions the Validator adds to the blockchain (**Stakeable Crypto Assets**).
90. The Filer is proficient and knowledgeable about staking Stakeable Crypto Assets.
91. The Filer itself does not act as a Validator. The Filer has entered into written agreements with certain of its Custodians and/or with third party Validators to provide services in respect of staking Stakeable Crypto Assets. These Custodians and Validators are proficient and experienced in staking Stakeable Crypto Assets.
92. Before engaging a Validator, the Filer conducts due diligence on the Validator, with consideration for the Validator's management, infrastructure and internal control documentation, security measures and procedures, reputation of operating nodes, use by others, measures to operate nodes securely and reliably, amount of crypto assets staked by the Validator on its own nodes, quality of work, including any slashing incidents or penalties, financial status and insurance, and registration, licensing or other compliance under applicable laws, particularly securities laws. Where the Filer engages a Custodian to provide staking services, the Filer conducts due diligence on how the Custodian provides the staking services and selects the Validators..

93. Filer currently offers the Staking Services in respect of the Ethereum, Solana, Polygon, Polkadot, Near, Cosmos and Cardano blockchains. The Filer may offer the Staking Services in respect of other Stakeable Crypto Assets in the future.
94. The Filer, as part of its KYP Policy, reviews the Stakeable Crypto Assets made available to clients for staking and staking protocols related to those Stakeable Crypto Assets prior to offering those Stakeable Crypto Assets as part of the Staking Services. The Filer's review includes the following:
- (a) the Stakeable Crypto Assets that the Filer proposes to offer for staking;
 - (b) the operation of the proof-of-stake blockchain for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
 - (c) the staking protocols for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
 - (d) the risks of loss of the staked Stakeable Crypto Assets, including from software bugs and hacks of the protocol;
 - (e) the Validators engaged by the Filer or the Filer's Custodians, including, but not limited to, information about:
 - (i) the persons or entities that manage and direct the operations of the Validator,
 - (ii) the Validator's reputation and use by others,
 - (iii) the amount of Crypto Assets the Validator has staked on its own nodes,
 - (iv) the measures in place by the Validator to operate the nodes securely and reliably,
 - (v) the financial status of the Validator,
 - (vi) the performance history of the Validator, including but not limited to the amount of downtime of the Validator, past history of "double signing" and "double attestation/voting",
 - (vii) any losses of Stakeable Crypto Assets related to the Validator's actions or inactions, including losses resulting from slashing, jailing or other penalties incurred by the Validator, and
 - (viii) any guarantees offered by the Validator against losses including losses resulting from slashing or other penalties and any insurance obtained by the Validator that may cover this risk.
95. The Filer evaluates whether offering the Staking Services is suitable for a client before providing access to an account that makes available the Staking Services and, on an ongoing basis, at least once in each 12-month period.

96. If the Filer determines that providing the Staking Services is not suitable for the client, the Filer will include prominent messaging to the client that this is the case and the Filer will not make available the Staking Services to the client.
97. The Filer only stakes the Stakeable Crypto Assets of those clients who have agreed to the Staking Services and have allocated Stakeable Crypto Assets to be staked. Where a client no longer wishes to stake all or a portion of the allocated Stakeable Crypto Assets, subject to any Lock-Up Periods (as defined below) or any terms of the Staking Services that permit the client to remove Stakeable Crypto Assets from the Staking Services prior to the expiry of any Lock-Up Periods, the Filer ceases to stake those Stakeable Crypto Assets.
98. Before the first time a client allocates any Stakeable Crypto Assets to be staked, the Filer delivers to the client the Risk Statement that includes the risks with respect to staking and the Staking Services described in representation 99 below, and requires the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
99. The Filer clearly explains in the Risk Statement the risks with respect to staking and the Staking Services in plain language, which includes:
- (a) the details of the Staking Services and the role of all third parties involved;
 - (b) the due diligence performed by the Filer with respect to the proof-of-stake consensus protocol for each Stakeable Crypto Asset for which the Filer provides the Staking Services;
 - (c) the details of the Validators that will be used for the Staking Services and the due diligence performed by the Filer with respect to the Validators;
 - (d) the details of whether and how the custody of staked Stakeable Crypto Assets differs from Stakeable Crypto Assets held on behalf of the Filer's clients that are not engaged in staking;
 - (e) the general risks related to staking and any risks arising from the arrangements used by the Filer to offer the Staking Services (e.g., reliance on third parties; risk of loss due to technical errors or bugs in the protocol; hacks or theft from the crypto assets being held in hot wallets, etc.) and how any losses will be allocated to clients;
 - (f) whether the Filer will reimburse clients for any Stakeable Crypto Assets lost due to slashing or other penalties imposed due to Validator error, action or inactivity or how any losses will be allocated to clients;
 - (g) whether any of the staked Stakeable Crypto Assets are subject to any lock-up, unbonding, unstaking, or similar periods imposed by the Crypto Asset protocol, custodian or Validator, where such Crypto Assets will not be accessible to the client or will be accessible only

after payment of additional fees or penalties or forfeiture of any rewards (**Lock-up Periods**); and

- (h) how rewards are calculated on the staked Stakeable Crypto Assets, including any fees charged by the Filer or any third party, how rewards are paid out to clients, and any associated risks.
100. Immediately before each time that a client allocates Stakeable Crypto Assets to be staked under the Staking Services, the Filer requires the client to acknowledge the risks of staking Stakeable Crypto Assets as may be applicable to the particular Staking Services or each particular Stakeable Crypto Asset, including, but not limited to:
- (a) that the staked Stakeable Crypto Asset may be subject to a Lock-up Period and, consequently, the client may not be able to sell or withdraw their Stakeable Crypto Asset for a predetermined or unknown period of time, with details of any known period, if applicable;
 - (b) that given the volatility of Crypto Assets, the value of a client's staked Stakeable Crypto Asset when they are able to sell or withdraw, and the value of any Stakeable Crypto Asset earned through staking, may be significantly less than the current value;
 - (c) how rewards will be calculated and paid out to clients and any risks inherent in the calculation and payout of any rewards;
 - (d) that there is no guarantee that the client will receive any rewards on the staked Stakeable Crypto Asset, and that past rewards are not indicative of expected future rewards;
 - (e) whether rewards may be changed at the discretion of the Filer;
 - (f) unless the Filer guarantees any Stakeable Crypto Assets lost to slashing, that the client may lose all or a portion of the client's staked Stakeable Crypto Assets if the Validator does not perform as required by the network;
 - (g) if the Filer offers a guarantee to prevent loss of any Stakeable Crypto Assets arising from the Staking Services, including due to slashing, any limits on that guarantee and requirements for a client to claim under the guarantee; and
 - (h) that additional risks can be found in the Risk Statement and Crypto Asset Statement, including the names and other information regarding the Validators and information regarding Lock-up Periods and rewards, with a link to the Risk Statement and Crypto Asset Statement.
101. The Staking Services are currently available by using the Apps or through the Web Site.
102. To stake Stakeable Crypto Assets, a client may use the Apps to instruct the Filer to stake a specified amount of Stakeable Crypto Assets held by the client on the Platform.

103. Subject to any Lock-up Periods that may apply, the client may at any time use the Apps or Website to instruct the Filer to unstake a specified amount of Stakeable Crypto Assets that the client had previously staked.
104. The Filer stakes and unstakes Crypto Assets on an omnibus basis by calculating the total amount of a Stakeable Crypto Asset that clients wish to stake or unstake and adjusting the amount actually staked to reconcile with the net amount that clients have, in total, instructed the Filer to stake or unstake.
105. The Filer holds the staked Stakeable Crypto Assets in trust for or for the benefit of its clients in one or more omnibus staking addresses in the name of the Filer for the benefit of the Filer's clients with the Custodians separate and distinct from (i) the assets of the Filer, the Custodians and the Custodians' other clients; and (ii) the Crypto Assets held for its clients that have not agreed to staking those specific Crypto Assets.
106. To stake Stakeable Crypto Assets, the Filer instructs a Custodian to transfer Stakeable Crypto Assets to an omnibus staking address and to sign a blockchain transaction confirming that assets in that wallet are to be staked with a Validator.
107. Similarly, when unstaking Stakeable Crypto Assets, the Filer instructs a Custodian to sign a blockchain transaction confirming that assets in a staking address are no longer staked. After expiry of any Lock-up Periods that may prevent the assets from being transferred, the Filer instructs the Custodian to transfer the unstaked assets from the staking address to cold storage addresses holding unstaked Stakeable Crypto Assets.
108. The Filer and the Custodians remain in possession, custody and control of the staked Stakeable Crypto Assets at all times. At all times, the Custodians continue to hold the private keys or other cryptographic key material required to stake or unstake clients' Stakeable Crypto Assets or to access staking rewards. Custody, possession and control of staked Stakeable Crypto Assets are not transferred to Validators or any other third parties in connection with the Staking Services.
109. The Filer has established and applies policies and procedures to address how staking rewards, fees and losses will be calculated and allocated to clients that have staked Stakeable Crypto Assets under the Staking Services.
110. Staking rewards are issued periodically and automatically by the blockchain protocol of the Stakeable Crypto Asset and received directly into the staking wallets with the Custodians. Other than any "validator commission" that may be received by a Validator under the rules of the blockchain protocol, Validators do not receive or otherwise have control over staking rewards earned by clients.
111. Staking rewards are typically issued for a specific time period, sometimes referred to as an "epoch". For each "epoch", the Filer promptly determines the amount of staking rewards earned by each client that had staked Stakeable Crypto Assets under the Staking Services.

112. When staking rewards for a Stakeable Crypto Asset are received into staking wallets, the Filer promptly calculates the amount of the staking reward earned by each client using the Staking Services in respect of that asset and credits each client's account accordingly. Staking reward distributions are shown in the Apps and on clients' account statements.
113. For certain Stakeable Crypto Assets, staking rewards are automatically staked by the blockchain protocol to compound rewards. Clients must unstake some or all of these rewards if they wish to sell or transfer them.
114. Where staking rewards are not compounded by the blockchain protocol, the Filer instructs the Custodian to transfer staking rewards from the staking wallets to other omnibus wallets holding client Crypto Assets.
115. Certain Stakeable Crypto Assets are subject to a so-called "warm-up" or "bonding" period after being staked, during which time the Stakeable Crypto Assets do not earn any staking rewards. A client will not receive staking rewards in respect of any of their staked Stakeable Crypto Assets that are still subject to "warm-up" periods.
116. Similarly, a client will not receive staking rewards in respect of Stakeable Crypto Assets that have been unstaked by the client but are still subject to Lock-up Periods.
117. The Filer does not promise or guarantee its clients a specific staking reward rate for any Stakeable Crypto Asset. The Filer does not exercise any discretion to change reward rates.
118. The Filer may show in the Apps or Web Site the current estimated reward rate for Stakeable Crypto Assets. This estimated reward rate is based on data derived from the blockchain for the Stakeable Crypto Asset and adjusted for any applicable validator commission or fees payable to the Filer.
119. The Filer charges a fee to clients using Staking Services based on a percentage of the client's staking rewards. The Filer clearly discloses the fees charged by the Filer for the Staking Services and provides a clear calculation of the rewards earned by each client that agrees to the Staking Services.
120. When staking rewards are received into staking wallets each epoch, the Filer promptly calculates the total amount of the fee payable by clients using the Staking Services for that epoch and transfers an amount of Stakeable Crypto Assets equal to the fee to a separate wallet exclusively holding Crypto Assets belonging to the Filer.
121. For certain Stakeable Crypto Assets, a Validator can, as part of the blockchain consensus protocol, set a percentage of the staking rewards earned by Stakeable Crypto Assets staked with the Validator to be received by the Validator. This is typically referred to as the "validator commission". The validator commission is deducted automatically by the underlying blockchain protocol from staking rewards and transferred by the protocol directly to the Validator. Where a "validator commission" applies, the Filer clearly discloses the existence and amount of the validator commission to clients using the Staking Services.

122. Under the commercial agreements between the Filer and Validators, Validators may pay some of the validator commission to the Filer for arranging the staking of clients' Stakeable Crypto Assets with the Validators. The Filer discloses to clients that it receives a share of validator commissions. Further, the Filer has adopted policies and procedures for the selection of Validators and staking of clients' Stakeable Crypto Assets to Validators to ensure that these decisions are based on factors other than the Filer's financial considerations under these commercial agreements.
123. For Stakeable Crypto Assets that do not have "validator commissions", the Filer pays a fee to the Validator and/or a Custodian for activating and operating nodes for the Filer's clients using the Staking Services. This fee is included in the fee paid by clients to the Filer in connection with the Staking Services.
124. Certain proof of stake blockchain protocols impose penalties where a validator fails to comply with protocol rules. This penalty is often referred to as "slashing" or "jailing". If a Validator is "slashed" or "jailed", a percentage of the tokens staked with that Validator and/or a percentage of staking rewards earned by clients staking to that Validator is permanently lost and/or the Validator will not be selected to participate in transaction validation and any Stakeable Crypto Assets staked with that Validator will not be eligible to earn staking rewards. Accordingly, if a Validator fails to comply with protocol rules, a percentage of Crypto Assets staked or earned by the Filer's clients may be lost (i.e., the balance of the staking wallet will be reduced automatically by the blockchain protocol) and/or the Filer's clients will not earn staking rewards for a period of time.
125. For certain Stakeable Crypto Assets, the Filer may agree to reimburse clients for slashing penalties. The Client Account Agreement clearly provides for the circumstances the Filer will provide this reimbursement in respect of a Stakeable Crypto Asset. The availability of any reimbursement, and any conditions or limits on the reimbursement, are also described in the Risk Statement or the relevant Crypto Asset Statement.
126. To mitigate the risk of slashing or jailing to clients, the Filer may, where feasible, arrange to stake Stakeable Crypto Assets across multiple Validators, so that any penalty resulting from the actions or inaction of a specific Validator does not affect all staked Crypto Assets and the Filer can, if appropriate, re-stake with alternative Validators.
127. In addition, the Filer monitors its Validators for, among other things, downtime, jailing and slashing events and takes any appropriate action to protect Stakeable Crypto Assets staked by clients.
128. For certain Stakeable Crypto Assets that are subject to Lock-up Periods, the Filer may provide clients using the Staking Services with the ability to sell or withdraw assets immediately after unstaking the assets, even though the newly unstaked assets are subject to a Lock-up Period and cannot yet be transferred from the staking wallet.
129. Where the Filer provides this service in connection with a Stakeable Crypto Asset, the Filer provides the liquidity necessary for clients to sell or withdraw Crypto Assets prior to the expiry of Lock-up Periods from the Filer's own inventory of Stakeable Crypto Assets in accordance with its

liquidity management policies and procedures. When the Lock-up Period applicable to a clients' unstaked Crypto Assets expires, the Filer returns the now freely transferable assets to its inventory.

130. Where the Filer does not provide this liquidity for a Stakeable Crypto Asset, a client that unstakes Stakeable Crypto Assets must wait until the applicable Lock-up Period expires before the client can sell or transfer those assets.

Capital Requirements

131. The Filer will exclude from the excess working capital calculation all the Crypto Assets it holds for which there is no offsetting by a corresponding current liability, such as Crypto Assets held for its clients as collateral to guarantee obligations under Crypto Contracts, included on line 1, Current assets, of Form 31-103F1. This will result in the exclusion of all the Crypto Assets inventory held by the Filer from Form 31-103F1 (Schedule 1, line 9).

Clearing

132. The Filer will not operate a "clearing agency" or a "clearing house" as the terms are defined or referred to in the Act.

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 Prior CSA Decision is revoked, and 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 and for so long as the Filer complies with the following terms and conditions:

Dealer Activities

- A. Unless otherwise exempted by a further decision of the Principal Regulator and, if required under securities legislation, the regulator or securities regulatory authority of any other Jurisdiction, 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.
- B. The Filer is registered as a restricted dealer in the Jurisdiction and the jurisdiction in which the client is resident.

- C. The Filer will continue to work actively and diligently with CRO to support the transfer of the Filer's client accounts to CCML.
- D. The Filer will only engage in the business of trading Crypto Contracts in relation to Crypto Assets and staking Crypto Assets, and performing its obligations under those contracts. 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. For clarity, the Filer will not offer derivatives based on Crypto Assets other than Crypto Contracts.
- E. 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 one or more custodians that meets the definition of an "Acceptable Third-party Custodian", unless the Filer has obtained the prior written approval of the Principal Regulator to hold a different percentage with an Acceptable Third-party custodian or has obtained the prior written approval of the Principal Regulator and the regulator or securities regulatory authority of the other Jurisdictions to hold at least 80% of the total value of the Crypto Assets with an entity that does not meet certain criteria of an Acceptable Third-party Custodian.
- F. Before the Filer holds Crypto Assets with an Acceptable Third-Party Custodian, the Filer will take reasonable steps to verify that the custodian:
 - (a) will hold the Crypto Assets for the Filer's clients (i) in an account clearly designated for the benefit of the Filer's clients or in trust for the Filer's clients, (ii) separate and apart from the assets of the custodian's other clients, and (iii) separate and apart from the custodian's own assets and from the assets of any custodial service provider;
 - (b) has appropriate insurance to cover the loss of Crypto Assets held at the custodian;
 - (c) 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
 - (d) meets each of the requirements to be an Acceptable Third-party Custodian, except for those criteria in respect of which the custodian does not meet and the Principal Regulator and the regulator or securities regulatory authority of the other Jurisdictions have provided prior written approval for use of the custodian.
- G. 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 South Dakota Division of Banking or the New York State Department of Financial Services makes a determination that a custodian is not permitted by that regulatory authority to hold client Crypto Assets. In such a case, the Filer will identify a suitable alternative custody provider that meets the definition of an Acceptable Third-party Custodian to hold the Crypto Assets.
- H. For the Crypto Assets held by the Filer, the Filer will:

- (a) hold the Crypto Assets for the benefit of and in trust for its clients, and separate and distinct from the assets of the Filer;
 - (b) ensure there is appropriate insurance to cover the loss of Crypto Assets held by the Filer; and
 - (c) 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.
- I. The Filer will only use Liquidity Providers that it has verified are registered and/or licensed, to the extent required in their respective home jurisdictions, to execute trades in the Crypto Assets and are not in default of securities legislation in any of the Applicable Jurisdictions, and will promptly stop using a Liquidity Provider if (i) the Filer is made aware that the Liquidity Provider is, or (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada has determined it to be, not in compliance with securities legislation.
- J. The Filer will evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks and will provide fair and reasonable prices to its clients.
- K. The Filer will assess liquidity risk and concentration risk posed by its Liquidity Providers. The liquidity and concentration risks assessment will consider trading volume data (as provided in paragraph 1(e) of Appendix X) and complete a historical analysis of each Liquidity Provider and a relative analysis between the Liquidity Providers. Consideration should be given to whether the Liquidity Provider has issued Proprietary Tokens and to consider limiting reliance on those Liquidity Providers.
- L. 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.
- M. The Risk Statement delivered as set out in condition L will be prominent and separate from other disclosures given to the client as part of the account opening process, and the acknowledgement will be separate from other acknowledgements by the client as part of the account opening process.
- N. 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 Apps.
- O. 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 33.
- P. 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-Apps and Website disclosures, with links provided to the updated Crypto Asset Statement.
- Q. 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.
- R. 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 suitable for the client, or that additional education is required.
- S. 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 trade through the OTC trading services, or 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.
- T. 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.
- U. 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.
- V. 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 63, except in relation to changes to Exhibit L – Fees, in which case the Filer will provide at least 15 days advance notice.
- W. 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.

- X. Further to condition W, 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.
- Y. Unless the prior written consent of the Principal Regulator is obtained by the Filer, the Filer will only trade Crypto Assets or Crypto Contracts based on Crypto Assets that (a) are not in and of themselves securities or derivatives, or (b) are Value-Referenced Crypto Assets provided that:
- (i) by December 29, 2023, the Filer will no longer allow clients to buy or deposit, or to enter into Crypto Contracts to buy or deposit, Value-Referenced Crypto Assets that do not satisfy the conditions set out in paragraph (1) of Appendix C; and
 - (ii) by April 30, 2024, the Filer will no longer allow clients to buy or deposit Value-Referenced Crypto Assets, or to enter into Crypto Contracts to buy or deposit Value-Referenced Crypto Assets, that do not comply with the terms and conditions set out in Appendix C.
- Z. The Filer will evaluate Crypto Assets as set out in representations 18 to 23.
- AA. 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.
- BB. Except to allow clients to liquidate their positions in an orderly manner 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.
- CC. The Filer will not engage in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuers or affiliates or associates of such persons.
- DD. The Filer will exclude from the excess working capital calculation all the Crypto Assets it holds for which there is no offsetting by a corresponding current liability as described in representation 131.

Financial Viability

- EE. 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.
- FF. 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 EE.

Staking

- GG. The Filer will comply with the terms and conditions in **Appendix D** in respect of the Staking Services.

Data Reporting

- HH. The Filer will deliver the reporting as set out in **Appendix E**.
- II. The Filer will provide certain reporting in respect of the preceding calendar quarter to its Principal Regulator within 30 days of the end of March, June, September, and December in connection with the Staking Services, including, but not limited to:
 - (a) The total number of clients to which the Filer provides the Staking Services;
 - (b) The Crypto Assets for which the Staking Services are offered;
 - (c) For each Crypto Asset that may be staked:
 - (i) The amount of Crypto Assets staked;
 - (ii) The amount of each such Crypto Assets staked that is subject to a Lock-up Period and the length of the Lock-up Period;
 - (iii) The amount of Crypto Assets that clients have requested to unstake; and
 - (iv) The amount of rewards earned by the Filer and the clients for the Crypto Assets staked under the Staking Services.
 - (d) The names of any third parties used to conduct the staking services;
 - (e) Any instance of slashing, jailing or other penalties being imposed for validator error;
 - (f) The details of why these penalties were imposed; and
 - (g) Any reporting regarding the Filer's liquidity management as requested by the Principal Regulator.

- JJ. 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; and
 - (b) Total number of executed client orders and total value of executed client orders on a by pair basis, with each reported value further broken out by the proportion of executed market orders compared to executed limit orders.
- KK. 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 arise 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.
- LL. 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.
- MM. 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.

- NN. 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

- OO. The Filer will not unreasonably prohibit, condition or limit access to the Platform and related services.
- PP. The Filer will not permit unreasonable discrimination among clients of the Platform.

Marketplace Activities – Market Integrity

- QQ. The Filer will take reasonable steps to ensure its operations do not interfere with fair and orderly markets in relation to the Platform.
- RR. 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.
- SS. 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.
- TT. 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

- UU. When the Filer or an affiliate trades with the Filer's clients on a principal basis, the Filer will ensure that its clients receive fair and reasonable prices.
- VV. The Filer will annually review compliance with the policies and procedures that identify and manage conflicts of interest described in representations 66 and 67 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

- WW. 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;
 - (a) policies and procedures relating to error trades, cancellations, modifications and dispute resolution;
 - (b) a list of all crypto assets and products available for trading on the Platform, along with associated Crypto Asset Statements;
 - (c) conflicts of interest and the policies and procedures to manage them;
 - (d) process for payment and settlement of transactions;
 - (e) 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;
 - (f) access arrangements with third-party services providers, if any; and
 - (g) rules governing trading, including prevention of manipulation and other market abuse.
- XX. The Filer will maintain public disclosure of the information outlined in condition WW in a manner that reasonably enables a person or company to understand the marketplace operations or services.
- YY. For orders and trades entered to and executed on the Platform, the Filer will make available an appropriate level of information regarding those orders and trades in real-time to facilitate clients' investment and trading decisions, including that:
- (a) The Filer displays on its Website a Canadian dollar price chart for each Crypto traded on which members of the public can view historic pricing information over a daily, weekly, one month, three month, six month and one year period;
 - (b) The Filer also makes publicly available on its Website, on a timely basis, a history of all trades that occurred on the Platform; and
 - (c) Clients can view the full Order Book on the platform, including all executed trades over the prior 24-hour period on the Platform.

Marketplace Activities – Confidentiality

- ZZ. 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.

Notification to Principal Regulator

- AAA. The Filer will promptly notify the Principal Regulator and indicate what steps have been taken by the Filer to address the situation should any of the following occur:
- (a) any failure or breach of systems of controls or supervision that has a material impact on the Filer, including when they involve the Filer's business;
 - (i) involve the services or business of an affiliate of the Filer;
 - (ii) involve the Acceptable Third-party Custodian;
 - (iii) are cybersecurity breaches of the Filer, an affiliate of the Filer, or services that impact the Filer; or
 - (iv) are a malfunction, delay, or security breach of the systems or controls relating to the operation of the marketplace functions.
 - (v) any amount of specified Crypto Assets are identified as lost;
 - (b) any investigations of, or regulatory action against, the Filer, or an affiliate of the Filer, by a regulatory authority in any jurisdiction in which it operates which may impact the operations of the Filer;
 - (c) details of any litigation instituted against the Filer, or an affiliate of the Filer, which may impact the operation of the Filer;
 - (d) notification that the Filer, or an affiliate of the Filer, has instituted a petition for a judgment of bankruptcy, insolvency, or similar relief, or to wind up or liquidate the Filer, or an affiliate of the Filer, or has a proceeding for any such petition instituted against it; and
 - (e) the appointment of a receiver or the making of any voluntary arrangement with a creditors.

Clearing

BBB. 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

CCC. 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 CRO member, including those that apply to marketplaces and to trading on marketplaces.

Changes to and Expiration of Decision

DDD. 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.

EEE. This Decision shall expire upon the earlier of:

- (a) May 30, 2024; or
- (b) on the date on which the transition of all client accounts from the Filer to CCML is complete.

FFF. 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, 2023.

In respect of the Requested 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
- A Value-Referenced Crypto Asset that complies with condition Y

APPENDIX C

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 the 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 acceptable to the CSA 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).
- (6) 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) and (5) of this Appendix on an ongoing basis.
- (7) 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) and (5) of this Appendix.
- (8) In this Appendix, terms have the same meanings set out in Appendix D of CSA SN 21-333.

APPENDIX D

STAKING TERMS AND CONDITIONS

1. The Staking Services are offered in relation to the Stakeable Crypto Assets that are subject to a Crypto Contract between the Filer and a client.
2. Unless the Principal Regulator has provided its prior written consent, the Filer offers clients the Staking Services only for (i) Crypto Assets of blockchains that use a proof of stake consensus mechanism and (ii) the staked Crypto Assets that are used to guarantee the legitimacy of new transactions the Validator adds to the blockchain (i.e., Stakeable Crypto Assets).
3. The Filer is proficient and knowledgeable about staking Stakeable Crypto Assets.
4. The Filer itself does not act as a Validator. The Filer has entered into written agreements with third parties to stake Stakeable Crypto Assets and each such third party is proficient and experienced in staking Stakeable Crypto Assets.
5. The Filer's KYP Policy includes a review of the Stakeable Crypto Assets made available to clients for staking and staking protocols related to those Stakeable Crypto Assets prior to offering those Stakeable Crypto Assets as part of the Staking Services. The Filer's review includes the following:
 - (a) the Stakeable Crypto Assets that the Filer proposes to offer for staking;
 - (b) the operation of the proof-of-stake blockchain for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
 - (c) the staking protocols for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
 - (d) the risks of loss of the staked Stakeable Crypto Assets, including from software bugs and hacks of the protocol;
 - (e) the Validators engaged by the Filer or the Filer's Custodians, including, but not limited to, information about:
 - (i) the persons or entities that manage and direct the operations of the Validator,
 - (ii) the Validator's reputation and use by others,
 - (iii) the amount of Stakeable Crypto Assets the Validator has staked on its own nodes,

- (iv) the measures in place by the Validator to operate the nodes securely and reliably,
 - (v) the financial status of the Validator,
 - (vi) the performance history of the Validator, including but not limited to the amount of downtime of the Validator, past history of “double signing” and “double attestation/voting”,
 - (vii) any losses of Stakeable Crypto Assets related to the Validator’s actions or inactions, including losses resulting from slashing, jailing or other penalties incurred by the Validator, and
 - (viii) any guarantees offered by the Validator against losses including losses resulting from slashing or other penalties and any insurance obtained by the Validator that may cover this risk.
- 6. The Filer’s policies and procedures on suitability determination for a client includes consideration of the Staking Services to be made available to that client.
- 7. The Filer evaluates whether offering the Staking Services is suitable for a client before providing access to an account that makes available the Staking Services and, on an ongoing basis, at least once in each 12-month period.
- 8. If the Filer determines that providing the Staking Services is not suitable for the client, the Filer will include prominent messaging to the client that this is the case, and the Filer will not make available the Staking Services to the client.
- 9. The Filer only stakes the Stakeable Crypto Assets of those clients who have agreed to the Staking Services and have allocated Stakeable Crypto Assets to be staked. Where a client no longer wishes to stake all or a portion of the allocated Stakeable Crypto Assets, subject to any Lock-Up Periods (as defined below) or any terms of the Staking Services that permit the client to remove Stakeable Crypto Assets from the Staking Services prior to the expiry of any Lock-Up Periods, the Filer ceases to stake those Stakeable Crypto Assets.
- 10. Before the first time a client allocates any Stakeable Crypto Assets to be staked, the Filer delivers to the client the Risk Statement that includes the risks with respect to staking and the Staking Services described in paragraph 11 below, and requires the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
- 11. The Filer clearly explains in the Risk Statement the risks with respect to staking and the Staking Services in plain language, which include, at a minimum:
 - (a) the details of the Staking Services and the role of all third parties involved;

- (b) the due diligence performed by the Filer with respect to the proof-of-stake consensus protocol for each Crypto Asset for which the Filer provides the Staking Services;
 - (c) the details of the Validators that will be used for the Staking Services and the due diligence performed by the Filer with respect to the Validators;
 - (d) the details of whether and how the custody of staked Stakeable Crypto Assets differs from Crypto Assets held on behalf of the Filer's clients that are not engaged in staking;
 - (e) the general risks related to staking and any risks arising from the arrangements used by the Filer to offer the Staking Services (e.g., reliance on third parties; risk of loss due to technical errors or bugs in the protocol; hacks or theft from the crypto assets being held in hot wallets, etc.) and how any losses will be allocated to clients;
 - (f) whether the Filer will reimburse clients for any Stakeable Crypto Assets lost due to slashing or other penalties imposed due to Validator error, action or inactivity or how any losses will be allocated to clients;
 - (g) whether any of the staked Stakeable Crypto Assets are subject to any lock-up, unbonding, unstaking, or similar periods imposed by the Stakeable Crypto Asset protocol, custodian or Validator, where such Stakeable Crypto Assets will not be accessible to the client or will be accessible only after payment of additional fees or penalties or forfeiture of any rewards (**Lock-up Periods**); and
 - (h) how rewards are calculated on the staked Stakeable Crypto Assets, including any fees charged by the Filer or any third party, how rewards are paid out to clients, and any associated risks.
12. Immediately before each time that a client allocates Stakeable Crypto Assets to be staked under the Staking Services, the Filer requires the client to acknowledge the risks of staking Stakeable Crypto Assets as may be applicable to the particular Staking Services or each particular Stakeable Crypto Asset, including, but not limited to:
- (a) that the staked Stakeable Crypto Asset may be subject to a Lock-up Period and, consequently, the client may not be able to sell or withdraw their Stakeable Crypto Asset for a predetermined or unknown period of time, with details of any known period, if applicable;
 - (b) that given the volatility of Crypto Assets, the value of a client's staked Stakeable Crypto Asset when they are able to sell or withdraw, and the value of any Stakeable Crypto Asset earned through staking, may be significantly less than the current value;
 - (c) how rewards will be calculated and paid out to clients and any risks inherent in the calculation and payout of any rewards;

- (d) that there is no guarantee that the client will receive any rewards on the staked Stakeable Crypto Asset, and that past rewards are not indicative of expected future rewards;
 - (e) whether rewards may be changed at the discretion of the Filer;
 - (f) unless the Filer guarantees any Stakeable Crypto Assets lost to slashing, that the client may lose all or a portion of the client's staked Stakeable Crypto Assets if the Validator does not perform as required by the network;
 - (g) if the Filer offers a guarantee to prevent loss of any Stakeable Crypto Assets arising from the Staking Services, including due to slashing, any limits on that guarantee and requirements for a client to claim under the guarantee; and
 - (h) that additional risks can be found in the Risk Statement and Crypto Asset Statement, including the names and other information regarding the Validators and information regarding Lock-up Periods and rewards, with a link to the Risk Statement and Crypto Asset Statement.
13. Immediately before each time a client buys or deposits Stakeable Crypto Assets that are automatically staked pursuant to an existing agreement by the client to the Staking Services, the Filer provides prominent disclosure to the client that the Stakeable Crypto Asset it is about to buy or deposit will be automatically staked.
14. 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 Staking Services and/or Stakeable Crypto Assets.
15. In the event of any update to the Risk Statement, for each existing client that has agreed to the Staking Services, the Filer will promptly notify the client of the update and deliver to them a copy of the updated Risk Statement.
16. In the event of any update to a Crypto Asset Statement, for each existing client that has agreed to the Staking Services in respect of the Stakeable Crypto Asset for which the Crypto Asset Statement was updated, the Filer will promptly notify the client of the update and deliver to the client a copy of the updated Crypto Asset Statement.
17. The Filer and the Custodians remain in possession, custody and control of the staked Stakeable Crypto Assets at all times.
18. The Filer holds the staked Stakeable Crypto Assets for its clients in one or more omnibus staking addresses in the name of the Filer for the benefit of the Filer's clients with the Custodians and the staked Stakeable Crypto Assets are held separate and distinct from (i) the assets of the Filer, the Custodians and the Custodians' other clients; and (ii) the Crypto Assets held for its clients that have not agreed to staking those specific Crypto Assets.

19. The Filer has established policies and procedures that manage and mitigate custodial risks for staked Stakeable Crypto Assets, including but not limited to, an effective system of controls and supervision to safeguard the staked Stakeable Crypto Assets.
20. If the Filer permits clients to remove Stakeable Crypto Assets from the Staking Services prior to the expiry of any Lock-up Period, the Filer establishes and applies appropriate liquidity management policies and procedures to fulfill withdrawal requests made, which may include using the Stakeable Crypto Assets it holds in inventory, setting aside cash for the purpose of purchasing such inventory, and/or entering into agreements with its Liquidity Providers that permit the Filer to purchase any required Crypto Assets. The Filer holds Stakeable Crypto Assets in trust of for the benefit of its clients and will not use Stakeable Crypto Assets of those clients who have not agreed to the Staking Services for fulfilling such withdrawal requests.
21. If the Filer provides a guarantee to clients from some or all of the risks related to the Staking Services, the Filer has established, and will maintain and apply, policies and procedures to address any risks arising from such guarantee.
22. In the event of bankruptcy or insolvency of the Filer, the Filer will assume and will not pass to clients any losses arising from slashing or other penalties arising from the performance or non-performance of the Validator.
23. The Filer monitors its Validators for downtime, jailing and slashing events and takes any appropriate action to protect Stakeable Crypto Assets staked by clients.
24. The Filer has established and applies policies and procedures to address how staking rewards, fees and losses will be calculated and allocated to clients that have staked Stakeable Crypto Assets under the Staking Services.
25. The Filer regularly and promptly determines the amount of staking rewards earned by each client that has staked Stakeable Crypto Assets under the Staking Services and distributes each client's staking rewards to the client promptly after they are made available to the Filer.
26. The Filer clearly discloses the fees charged by the Filer for the Staking Services and provides a clear calculation of the rewards earned by each client that agrees to the Staking Services.

APPENDIX E

DATA REPORTING

1. Commencing with the quarter ending December 31, 2023, the Filer will deliver the following information to the Principal Regulator and each of the Coordinated Review Decision Makers in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers with respect to Clients residing in the Jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December:
 - a) Aggregate reporting of activity conducted pursuant to the Platform's operations 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 by the platform each month in the quarter based on a suitability determination made in accordance with s. 13.3 of NI 31-103 ;
 - iv. Number of trades each month in the quarter;
 - v. Average value of the trades in each month in the quarter
 - vi. 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;
 - vii. Number of Client Accounts that in the preceding 12 months, excluding Specified Crypto Assets, that:
 - (a) In the case of a client that is not an Eligible Crypto Investor exceeded a net acquisition cost of \$30,000 at the end of each month in the quarter; and
 - (b) In the case of a client that is an Eligible Crypto Investor, but is not an Accredited Crypto Investor, exceeded a net acquisition cost of \$100,000 at the end of each month in the quarter.
 - viii. Number of Client Accounts that have not been funded at the end of each month in the quarter;
 - ix. Number of Client Accounts with no trades during the quarter;
 - x. Number of Client Accounts that have not been funded at the end of each month in the quarter;
 - xi. Number of Client Accounts that hold a positive amount of Crypto Assets at end of each month in the quarter;
 - xii. Number of client directed trades for each month in the quarter, and
 - xiii. Number of unique clients who performed a client-directed trade during the quarter
 - b) The details of any client complaints received by the Filer during the calendar quarter and how such complaints were addressed;

- c) A listing of all blockchain addresses, except for deposit addresses, that hold Crypto Assets on behalf of clients, including all hot and cold wallets;
 - d) 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 activity or incidents from occurring in the future; and
 - e) The amount of crypto assets held in hot storage as of the end of the quarter,
 - f) The amount of the guarantee described in representation 85 as of the end of the quarter; and
 - g) 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.
2. The Filer will deliver to the Principal Regulator and each of the Coordinated Review Decision Makers, in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers, a report that includes the anonymized account-level data for the Platform's operations for each client residing in the Jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December for data elements outlined in **Appendix F**.

APPENDIX F

Data Element Definitions, Formats and Allowable Values

Number	Data Element	Definition for Data Element ¹	Format	Values	Example
Data Elements Related to each Unique Client					
1	Unique Client Identifier	Alphanumeric code that uniquely identifies a customer.	Varchar(72)	An internal client identifier code assigned by the CTP to the client. The identifier must be unique to the client.	ABC1234
2	Unique Account Identifier	Alphanumeric code that uniquely identifies an account.	Varchar(72)	A unique internal identifier code which pertains to the customer's account. There may be more than one Unique Account Identifier linked to a Unique Client Identifier.	ABC1234
3	Jurisdiction	The Province or Territory where the client, head office or principal place of business is, or under which laws the client is organized, or if an individual, their principal place of residence.	Varchar(5)	Jurisdiction where the client is located using ISO 3166-2 - See the following link for more details on the ISO standard for Canadian jurisdictions codes. https://www.iso.org/obp/ui/#iso:code:3166:CA	CA-ON
Data Elements Related to each Unique Account					
4	Account Open Date	Date the account was opened and approved to trade.	YYYY-MM-DD, based on UTC.	Any valid date based on ISO 8601 date format.	2022-10-27

¹ Note: Digital Token refers to either data associated with a Digital Token, or a Digital Token referenced in an investment contract.

Number	Data Element	Definition for Data Element ¹	Format	Values	Example
5	Cumulative Realized Gains/Losses	Cumulative Realized Gains/Losses from purchases, sales, deposits, withdrawals and transfers in and out, since the account was opened as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in, transfers out, deposits and withdrawals of the Digital Token to determine the cost basis or the realized gain or loss.	205333
6	Unrealized Gains/Losses	Unrealized Gains/Losses from purchases, deposits and transfers in as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in or deposits of the Digital Token to determine the cost basis.	-30944
7	Digital Token Identifier	Alphanumeric code that uniquely identifies the Digital Token held in the account.	Char(9)	Digital Token Identifier as defined by ISO 24165. See the following link for more details on the ISO standard for Digital Token Identifiers. https://dtif.org/	4H95J0R2X
Data Elements Related to each Digital Token Identifier Held in each Account					
8	Quantity Bought	Number of units of the Digital Token bought in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	4358.326
9	Number of Buy Transactions	Number of transactions associated with the Quantity Bought during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	400

Number	Data Element	Definition for Data Element ¹	Format	Values	Example
10	Quantity Sold	Number of units of the Digital Token sold in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	125
11	Number of Sell Transactions	Number of transactions associated with the Quantity Sold during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3325
12	Quantity Transferred In	Number of units of the Digital Token transferred into the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	10.928606
13	Number of Transactions from Transfers In	Number of transactions associated with the quantity transferred into the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3
14	Quantity Transferred Out	Number of units of the Digital Token transferred out of the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	603
15	Number of Transactions from Transfers Out	Number of transactions associated with the quantity transferred out of the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	45
16	Quantity Held	Number of units of the Digital Token held in the account as of the end of the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	3641.25461

Number	Data Element	Definition for Data Element¹	Format	Values	Example
17	Value of Digital Token Held	Value of the Digital Token held as of the end of the reporting period.	Num(25,0)	Any value greater than or equal to zero rounded to the nearest dollar in CAD. Use the unit price of the Digital Token as of the last business day of the reporting period multiplied by the quantity held as reported in (16).	45177788
18	Client Limit	The Client Limit established on each account.	Num(25,2)	Any value greater than or equal to zero rounded to the nearest dollar in CAD, or if a percentage, in decimal format.	0.50
19	Client Limit Type	The type of limit as reported in (18).	Char(3)	AMT (amount) or PER (percent).	PER