

The Ontario Securities Commission

OSC Bulletin

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The Ontario Securities Commission carries out the powers, duties and functions given to it pursuant to the *Securities Commission Act, 2021* (S.O. 2021, c. 8, Sched. 9).

The Ontario Securities Commission exercises its regulatory oversight function through the administration and enforcement of Ontario's *Securities Act* (R.S.O. 1990, c. S.5) and *Commodity Futures Act* (R.S.O. 1990, c. C.20), and administration of certain provisions of the *Business Corporations Act* (R.S.O. 1990, c. B.16).

The Ontario Securities Commission

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Table of Contents

A.	Capital Markets Tribunal	8093
A.1	Notices of Hearing	(nil)
A.2	Other Notices	8093
A.2.1	Xiao Hua (Edward) Gong	8093
A.3	Orders	(nil)
A.4	Reasons and Decisions	(nil)
B.	Ontario Securities Commission	8095
B.1	Notices	8095
B.1.1	OSC Staff Notice 11-737 (Revised) – Securities Advisory Committee – Vacancies ..	8095
B.2	Orders	(nil)
B.3	Reasons and Decisions	8097
B.3.1	Franklin Templeton Investments Corp.	8097
B.3.2	FRNT Financial Inc.	8100
B.3.3	Coinsquare Capital Markets Ltd.	8106
B.4	Cease Trading Orders	8141
B.4.1	Temporary, Permanent & Rescinding Issuer Cease Trading Orders	8141
B.4.2	Temporary, Permanent & Rescinding Management Cease Trading Orders	8141
B.4.3	Outstanding Management & Insider Cease Trading Orders	8141
B.5	Rules and Policies	(nil)
B.6	Request for Comments	(nil)
B.7	Insider Reporting	8143
B.8	Legislation	(nil)
B.9	IPOs, New Issues and Secondary Financings	8253
B.10	Registrations	8255
B.10.1	Registrants	8255
B.11	CIRO, Marketplaces, Clearing Agencies and Trade Repositories	8257
B.11.1	CIRO	8257
B.11.1.1	Canadian Investment Regulatory Organization (CIRO) – Rule Consolidation Project – Phase 4 – Request for Comment	8257
B.11.2	Marketplaces	(nil)
B.11.3	Clearing Agencies	8258
B.11.3.1	Canadian Derivatives Clearing Corporation (CDCC) – Proposed Amendments to the Rules of the CDCC Regarding Voluntary Withdrawal and the Limited Liability of Clearing Members – Notice of Commission Approval	8258
B.11.4	Trade Repositories	(nil)
B.12	Other Information	(nil)
Index		8259

A. Capital Markets Tribunal

A.2 Other Notices

A.2.1 Xiao Hua (Edward) Gong

FOR IMMEDIATE RELEASE
October 10, 2024

XIAO HUA (EDWARD) GONG,
File No. 2022-14

TORONTO – The motion hearing in the above-named matter scheduled to be heard on October 15 and 16, 2024 will not proceed as scheduled.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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B. Ontario Securities Commission

B.1 Notices

B.1.1 OSC Staff Notice 11-737 (Revised) – Securities Advisory Committee – Vacancies

OSC STAFF NOTICE 11-737 (Revised)

SECURITIES ADVISORY COMMITTEE – VACANCIES

The Securities Advisory Committee (“SAC”) is a committee of industry experts established by the Commission to advise it and its staff on a variety of matters including policy initiatives and capital markets trends. The Commission seeks four prospective candidates to serve on SAC beginning in January 2025 for a three-year term ending December 2028. There is typically a one-third turnover of SAC membership each calendar year.

SAC members generally meet every month and provide advice on a variety of matters, including legal and regulatory initiatives, as well as market implications of Commission rules, policies, operations, and administration. SAC members are also invited to provide their perspectives on emerging trends in the marketplace. Those who make a commitment to serve on SAC must be in a position to devote the time necessary to attend meetings and be an active participant at those meetings.

SAC members are expected to have excellent technical abilities and a strong interest in the development of securities regulatory policy. This includes having in-depth knowledge of the legislation, rules and policies for which the Commission is responsible, as well as a significant practice and experience in the securities field. Expertise in an area of special interest to the Commission at the time of an appointment will also be a factor in selection. Diversification of membership on SAC continues to be a Commission priority in order to promote a broad perspective on the development of securities regulatory policy. In addition to candidates engaged in private practice, we continue to welcome the submission of applications from in-house counsel practicing in the securities area at an exchange, institutional investor or dealer.

The OSC encourages applications from all qualified candidates who represent the full diversity of communities across Ontario.

Qualified individuals who have the support of their firms/employers for the commitment required to effectively participate on SAC, are invited to apply in writing for membership on SAC to the General Counsel's Department of the Commission, indicating areas of practice and relevant experience. Prospective candidates are encouraged to review OSC Policy 11-601 for further information about SAC.

SAC members whose terms continue past December 2024 are:

- David A. Seville Torys LLP
- Sandra Zhao McMillan LLP
- Robert Seager Voorheis & Co. LLP
- Rosalind Hunter Osler, Hoskin & Harcourt LLP
- Gesta Abols Fasken
- Steve J. Cutler Davies Ward Philips and Vineberg LLP
- Matthew Merkley Blake, Cassels & Graydon LLP
- Howard Rusak Canada Pension Plan Investment Board
- Selma Thaver Toronto Stock Exchange

B.1: Notices

The Commission wishes to thank the following members whose terms will expire at the end of December 2024:

- Jeff Hershenfield Stikeman Elliott LLP
- Nancy Mehrad Registrant Law Professional Corporation
- Manoj Pundit Borden Ladner Gervais LLP
- Heidi Reinhart Norton Rose Fulbright LLP

The Commission is very grateful to outgoing members for their able assistance and valuable input.

Applications for SAC membership will be considered if received on or before **November 30, 2024**. Applications should be submitted by email to:

Paloma Ellard
Associate General Counsel and VP Legal
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario, M5H 3S8
Email: pellard@osc.gov.on.ca

The OSC is committed to diversity, and it is our priority to provide an inclusive workplace, including on our advisory committees, where all individuals feel safe, valued, respected, and empowered.

We are committed to ensuring an inclusive, barrier-free, accessible recruitment process so that all individuals with disabilities, who are interested in pursuing and who apply for employment with the OSC, are made aware of the accommodation measures available to them throughout the recruitment and hiring process.

If you require an accommodation, please contact Paloma Ellard and we will work with you to meet your needs. For further information, please refer to **[accessibility at the OSC](#)**.

The OSC is a proud partner with the following organizations: **[BlackNorth Initiative](#)**, **[Canadian Centre for Diversity and Inclusion](#)**, and **[Pride at Work Canada](#)**, and is committed to our Accessibility and Reconciliation Action Plans.

B.3 Reasons and Decisions

B.3.1 Franklin Templeton Investments Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from paragraphs 2.5(2)(a), (a.1) and (c) of National Instrument 81-102 Investment Funds to permit investment funds to invest up to 10% of their respective net asset value, in aggregate, in securities of underlying ETFs that are subject to the U.S. Investment Company Act of 1940 – U.S. underlying ETFs are not IPUs, are not reporting issuers in a Canadian jurisdiction and are not subject to NI 81-102 – Relief granted subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.5(2)(a), 2.5(2)(a.1), 2.5(2)(c), and 19.1.

October 3, 2024

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

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

AND

IN THE MATTER OF
FRANKLIN TEMPLETON INVESTMENTS CORP.

AND ITS AFFILIATES
(collectively, the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from Franklin Templeton Investments Corp., on behalf of existing and future investment funds that are or will be managed by the Filer (the **Funds**), for a decision under the securities legislation of the principal regulator (the **Legislation**):

- (a) exempting each Fund from the following provisions of National Instrument 81-102 *Investment Funds* (**NI 81-102**) in order to permit the Funds to invest in securities of

existing and future exchange-traded funds (**ETFs**) that are not index participation units (**IPUs**) and whose securities are, or will be, listed for trading on a stock exchange in the United States (the **Underlying ETFs**):

- (i) paragraphs 2.5(2)(a) and (a.1) to permit each Fund to purchase and/or hold securities of an Underlying ETF even though the Underlying ETF is not subject to NI 81-102; and
- (ii) paragraph 2.5(2)(c) to permit each Fund to purchase and/or hold securities of an Underlying ETF even though the Underlying ETF is not a reporting issuer in any province or territory of Canada

(collectively, the **Exemption Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the Filer has provided notice that section 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 (together with Ontario, the **Canadian Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 have the same meanings if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

The Filer

1. The Filer is a corporation amalgamated under the laws of the Province of Ontario with its head office in Toronto, Ontario.
2. The Filer is registered as:

- (a) an investment fund manager in British Columbia, Alberta, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland & Labrador;
- (b) a portfolio manager, mutual fund dealer and exempt market dealer in each province of Canada and the Yukon territory; and
- (c) a commodity trading manager in Ontario.
3. The Filer or an affiliate or associate of the Filer acts, or will act, as investment fund manager of each Fund.
4. The Filer is not in default of securities legislation in any of the Canadian Jurisdictions.
- The Funds*
5. Each Fund is, or will be, an investment fund organized and governed by the laws of a Canadian Jurisdiction.
6. Each Fund is, or will be, governed by the applicable provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities.
7. Each Fund is, or will be, a reporting issuer in one or more Canadian Jurisdictions.
8. Each Fund is, or will be, subject to National Instrument 81-107 *Independent Review Committee for Investment Funds*.
9. The Funds may, from time to time, wish to invest in Underlying ETFs.
10. Each existing Fund is not in default of applicable securities legislation in any Canadian Jurisdiction.
- The Underlying ETFs*
11. The securities of an Underlying ETF will not meet the definition of an IPU in NI 81-102 because the purpose of the Underlying ETF will not be to:
- (a) hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in that index; or
- (b) invest in a manner that causes the Underlying ETF to replicate the performance of that index.
12. The securities of an Underlying ETF are, or will be, listed on a recognized exchange in the United States and the market for them is, or will be, liquid because it is, or will be, supported by designated brokers. As a result, the Filer expects a Fund to be able to dispose of such securities through market facilities in order to raise cash, including to fund the redemption requests of its securityholders.
13. An Underlying ETF may be managed by the Filer or an affiliate or associate of the Filer, or by a third party investment fund manager.
14. An investment in an Underlying ETF by a Fund will otherwise comply with section 2.5 of NI 81-102, including that:
- (a) no Underlying ETF will hold more than 10% of its net asset value (**NAV**) in securities of another investment fund unless the Underlying ETF (a) is a clone fund, as defined in NI 81-102, or (b) in accordance with NI 81-102, purchases or holds securities (i) of a money market fund, as defined in NI 81-102, or (ii) that are IPU's issued by an investment fund; and
- (b) no Fund will pay management or incentive fees which to a reasonable person would duplicate a fee payable by an Underlying ETF for the same service.
15. Each Underlying ETF is, or will be, a publicly offered mutual fund subject to the United States *Investment Company Act of 1940* (the **Investment Company Act**).
16. Absent the Exemption Sought, an investment by a Fund in an Underlying ETF would:
- (a) be prohibited by paragraphs 2.5(2)(a) or (a.1) of NI 81-102, as applicable, because such Underlying ETF may not be subject to NI 81-102;
- (b) be prohibited by paragraph 2.5(2)(c) of NI 81-102 because such Underlying ETF may not be a reporting issuer in any Canadian Jurisdiction; and
- (c) not qualify for the exception in paragraph 2.5(3)(a) of NI 81-102 because the securities of the Underlying ETF are not IPU's.
17. The key benefits of a Fund investing in the Underlying ETFs are greater choices, improved portfolio diversification and potentially enhanced returns. For example:
- (a) an investment in the Underlying ETFs will provide the Funds with access to specialized knowledge, expertise and/or analytical resources of the investment advisor to the Underlying ETFs;
- (b) the Underlying ETFs provide a potentially better risk profile, diversification and improved liquidity/tradability than direct

- holdings of asset classes to which the Underlying ETFs provide exposure; and
- (c) the investment strategies of the Underlying ETFs offer significantly broader exposure to asset classes, sectors and markets than those available in the existing Canadian exchange-traded fund market.

18. The Filer submits that having the option to allocate a limited portion of each Fund's assets to Underlying ETFs will increase diversification opportunities and may improve a Fund's overall risk/reward profile.
19. An investment in an Underlying ETF by a Fund is an efficient and cost-effective alternative to obtaining exposure to securities held by the Underlying ETF rather than purchasing those securities directly by the Fund.
20. An investment in an Underlying ETF by a Fund should pose limited investment risk to the Fund because each Underlying ETF will be subject to the Investment Company Act, subject to any exemption therefrom that is or may in the future be granted by the applicable securities regulatory authorities.

- (e) the prospectus of each Fund discloses, or will disclose in the next renewal of its prospectus following the date of this decision, in the investment strategy section, the fact that the Fund has obtained the Exemption Sought to permit investments in Underlying ETFs on the terms described in this decision.

"Darren McKall"
Manager, Investment Management Division
Ontario Securities Commission

Application File #: 2024/0528
SEDAR+ File #: 6181988

DECISION

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

- (a) the investment by a Fund in securities of an Underlying ETF is in accordance with the investment objective of the Fund;
- (b) a Fund does not purchase securities of an Underlying ETF if, immediately after the purchase, more than 10% of the NAV of the Fund, in aggregate, taken at market value at the time of the purchase, would consist of securities of Underlying ETFs;
- (c) securities of each Underlying ETF are listed on a recognized exchange in the United States;
- (d) each Underlying ETF is, immediately before the purchase by a Fund of securities of that Underlying ETF, an investment company subject to the Investment Company Act in good standing with the United States Securities and Exchange Commission; and

B.3.2 FRNT Financial Inc.

Headnote

Application to the Ontario Securities Commission for a decision to exempt from the dealer registration requirement and the prospectus requirement, in sections 25(1) and 53(1) of the Securities Act (Ontario), in connection with certain trades in over-the-counter (OTC) derivatives with “permitted counterparties”, consisting exclusively of persons or companies who are “permitted clients” as defined in Section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Relief sought in Ontario as interim response to the regulatory treatment of certain OTC derivatives in Canada – Relief subject to sunset condition that is (i) the date that is four years after the date of the decision; and (ii) the coming into force in the jurisdiction of legislation or a rule that specifically governs dealer, adviser or other registration requirements applicable to market participants in connection with OTC derivative transactions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 53(1), 74(1).

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 1.1 (“permitted client”).

OSC Rule 13-502 Fees, Part 6 — Derivatives Participation Fees.

October 10, 2024

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

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

AND

IN THE MATTER OF
FRNT FINANCIAL INC.
(the Filer)

DECISION

Background

Previous Decision

The Filer made an application (the **Previous Application**) to and obtained from the Ontario Securities Commission (**OSC**), as the principal regulator for the Previous Application, a decision, *In the Matter of FRNT Financial Inc.* dated October 13, 2020 (the **Previous Decision**), providing relief from the dealer registration requirement and the prospectus requirement that may otherwise be applicable to a trade in or a distribution of an OTC Derivative made by either the Filer to a Permitted Counterparty (as defined below) or a Permitted Counterparty to the Filer, subject to certain terms and conditions. The Previous Decision provided that the relief would terminate on the date that is the earlier of: (i) the date that is four years after the date of the Previous Decision (being October 13, 2020); and (ii) the coming into force in the Jurisdiction of legislation or a rule that specifically governs dealer, adviser or other registration requirements applicable to market participants in connection with OTC Derivative transactions.

New Decision

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) to revoke the Previous Decision and provide that the dealer registration requirement and the prospectus requirement in the Legislation that may otherwise be applicable to a trade in or distribution of an OTC Derivative transaction (as defined below) made by either:

- (a) the Filer to a Permitted Counterparty; or
- (b) a Permitted Counterparty to the Filer,

shall not apply to the Filer or the Permitted Counterparties, as the case may be (the **Requested Relief**), subject to certain terms and conditions.

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

- (a) the OSC is the principal regulator for this Application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon in New Brunswick (to the extent that Local Rule 91-501 does not apply), Newfoundland and Labrador, Prince Edward Island, the Northwest Territories, Yukon and Nunavut (the **Passport Jurisdictions** and, together with Ontario, the **Jurisdictions**).

Interpretation

Unless otherwise defined herein, terms in this decision have the respective meanings given to them in National Instrument 14-101 *Definitions*.

The terms **OTC Derivative** and **Underlying Interest** are defined in the Appendix to this decision.

The term “Permitted Counterparty” means a person or company that is a “permitted client”, as that term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).

Representations

This decision is based on the following facts represented by the Filer:

The Filer

1. The Filer is a company incorporated under the *Canada Business Corporations Act*. The head office of the Filer is located in Toronto, Ontario.
2. The Filer is a public company whose shares are listed on the TSX Venture Exchange. The largest shareholders are the founders Stephane Ouellette (42.25%) and Adam Rabie (7.71%), officers of the Filer.
3. The Filer provides technology to institutional investors and dealers to enable them to negotiate and record transactions in OTC Derivatives.
4. The Filer intermediates bilateral OTC Derivative transactions between institutional clients and financial institutions providing liquidity and specifically, acts as a counterparty to the transactions it facilitates on its platform.
5. The Filer is not currently registered under the securities legislation of any jurisdiction in Canada, and as a result of the Previous Decision, is currently relying on an exemption from the dealer registration requirement in the Legislation that may otherwise be applicable to a trade in or distribution of an OTC Derivatives transaction.
6. The Filer is not in default of securities, commodity futures or derivatives legislation in any jurisdiction in Canada.

Conduct of OTC Derivatives Transactions

7. The Filer enters into bilateral OTC Derivative transactions with counterparties located in all provinces and territories of Canada that consist exclusively of persons or companies that are Permitted Counterparties. The Filer understands that the Permitted Counterparties are entering into the OTC Derivative transactions for hedging or investment purposes. The Underlying Interest of the OTC Derivatives that are entered into consist of one of the following: a commodity; an interest rate; a currency, including fiat and cryptocurrency; a foreign exchange rate; a security; an economic indicator, an index; a basket; a benchmark; another variable; another OTC Derivative; or some relationship between, or combination of, one or more of the foregoing.
8. While a Permitted Counterparty may deposit margin or collateral with the Filer in respect of its obligations under an OTC Derivative transaction, the Filer itself does not offer or provide credit or margin to any of its Permitted Counterparties for purposes of an OTC Derivative transaction.
9. The Filer seeks the Requested Relief as an interim solution, pending the development of a uniform registration framework with respect to OTC Derivative transactions in all provinces and territories of Canada. The Filer acknowledges that registration and prospectus requirements may be triggered for the Filer in connection with the derivative contracts under any such uniform framework to be developed for the regulation of OTC Derivative transactions.

Regulation of OTC Derivative Transactions in Canada

10. There remains some uncertainty respecting the regulation of OTC Derivative transactions as "securities" in the provinces and territories of Canada other than Québec.
11. In each of Prince Edward Island, the Northwest Territories, Nunavut and Yukon, OTC Derivative transactions are regulated as securities on the basis that the definition of the term "security" in the securities legislation of each of these jurisdictions includes an express reference to this term including a "derivative".
12. In Alberta, British Columbia, Manitoba, Ontario, New Brunswick, Nova Scotia and Saskatchewan, the term "security" no longer includes an express reference to a "futures contract". Following the introduction of a new framework and terminology for the regulation of derivatives, Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, and Saskatchewan securities legislation now each include a definition of "derivative".
13. In each of Manitoba, Newfoundland and Labrador, and Ontario, it is not always certain whether, or in what circumstances, OTC Derivative transactions are "securities" because the definition of the term "security" in the securities legislation of each of these jurisdictions is a non-exhaustive definition that makes no express reference to a "futures contract" or a "derivative".
14. In October 2009, staff of the OSC published OSC Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario (OSC Notice 91-702)*. OSC Notice 91-702 states that OSC staff take the view that contracts for differences, foreign exchange contracts and similar OTC Derivative products, when offered to investors in Ontario, engage the purposes of the *Securities Act* (Ontario) (**OSA**) and constitute "investment contracts" and "securities" for the purposes of Ontario securities law. However, OSC Notice 91-702 also states that it is not intended to address direct or intermediated trading between institutions. OSC Notice 91-702 does not provide any additional guidance on the extent to which OTC Derivative transactions between the Filer and a Permitted Counterparty may be subject to Ontario securities law.
15. In Québec, OTC Derivative transactions are subject to the *Derivatives Act* (Québec), which sets out a comprehensive scheme for the regulation of derivative transactions that is distinct from Québec's securities regulatory requirements.
16. In each of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Saskatchewan (the **Blanket Order Jurisdictions**) and Québec (collectively, the **OTC Exemption Jurisdictions**), OTC Derivative transactions are generally not subject to securities or derivative regulatory requirements, pursuant to applicable exemptions (the **OTC Derivative Exemptions**), when they are negotiated, bi-lateral contracts that are entered into between sophisticated non-retail parties, referred to as "Qualified Parties" in the Blanket Order Jurisdictions and "accredited counterparties" in Québec.
17. The corresponding OTC Derivative Exemptions are as follows:

Alberta	ASC Blanket Order 91-507 <i>Over-the-Counter Trades in Derivatives</i>
British Columbia	BC Instrument 91-501 <i>Over-the-Counter Derivatives</i>
Manitoba	Blanket Order 91-501 <i>Over-the-Counter Trades in Derivatives</i>
New Brunswick	Local Rule 91-501 <i>Over-the-Counter Trades in Derivatives</i>
Nova Scotia	Blanket Order 91-501 <i>Over the Counter Trades in Derivatives</i>
Saskatchewan	General Order 91-908 <i>Over-the-Counter Derivatives</i>
Québec	Section 7 of the <i>Derivatives Act</i> (Québec)

The Evolving Regulation of OTC Derivative Transactions as Derivatives

18. Each of the OTC Exemption Jurisdictions has sought to address the regulatory uncertainty associated with the regulation of OTC Derivative transactions as securities by regulating them as derivatives rather than securities, whether directly through the adoption of a distinct regulatory framework for derivatives in Québec, or indirectly through amendments to the definition of the term "security" in the securities legislation of the other OTC Exemption Jurisdictions and the granting of the OTC Derivative Exemptions.
19. Between 1994 and 2000, the OSC sought to achieve a similar objective by introducing proposed OSC Rule 91-504 *Over-the-Counter Derivatives* (the **Proposed OSC Rule**) for the purpose of establishing a uniform, clearly defined regulatory framework for the conduct of OTC Derivative transactions in Ontario, but the Proposed OSC Rule was returned to the OSC for further consideration by Ontario's Minister of Finance in November 2000.

20. The Final Report of the Ontario Commodity Futures Act Advisory Committee, published in January 2007, concluded that OTC Derivative contracts are not suited to being regulated in accordance with traditional securities regulatory requirements and should therefore be excluded from the scope of securities legislation, because they are used for commercial risk management purposes and not for investment or capital-raising purposes.
21. On April 19, 2018, the Canadian Securities Administrators (**CSA**) published a Notice and Request for Comment on the Proposed National Instrument 93-102 *Derivatives - Registration*, and on September 28, 2024, National Instrument 93-101 *Derivatives: Business Conduct* (the **Business Conduct Rule**) took effect.

Reasons for the Requested Relief

22. The Requested Relief would provide the Filer and its Permitted Counterparties, additional certainty with respect to the characterization of OTC Derivative transactions in Canada, by permitting these parties to enter into OTC Derivative transactions in reliance upon exemptions from the dealer registration and prospectus requirements of the Legislation that are comparable to the OTC Derivative Exemptions.

Books, Records and Reporting

23. As a result of the Previous Decision, the Filer is a "market participant" for the purposes of the OSA and will continue to be so as a consequence of this Decision. For the purposes of the OSA, and as a market participant, the Filer is required by subsection 19(1) of the OSA to: (i) keep such books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs, and the transactions that it executes on behalf of others; and (ii) keep such books, records and documents as may otherwise be required under Ontario securities law.
24. For the purposes of its compliance with subsection 19(1) of the OSA, the books and records that the Filer keeps, and will continue to keep, include books and records that:
- a) demonstrate the extent of the Filer's compliance with applicable requirements of securities legislation;
 - b) demonstrate compliance with the policies and procedures of the Filer for establishing a system of controls and supervision sufficient to provide reasonable assurance that the Filer, and each individual acting on its behalf, complies with securities legislation;
 - c) identify all OTC Derivative transactions conducted on behalf of the Filer and entered into by each of its clients, including the name and address of all parties to the transaction and the terms of those transaction; and
 - d) set out for each OTC Derivatives transaction entered into by the filer, information corresponding to that which would be required to be included in an exempt distribution report for the transaction, if the transaction were entered into by the Filer in reliance upon the "accredited investor" prospectus exemption in section 2.3 [accredited investor] of National Instrument 45-106 *Prospectus Exemptions*.
25. In respect of the OTC Derivative transactions, the Filer complies with any applicable OTC Derivatives-specific trade reporting rules and instruments in effect in the provinces and territories of Canada, including the following:
- a) The derivatives trade reporting rules (including, OSC Rule 91-507 *Derivatives: Trade Reporting*);
 - b) The fee rule (OSC Rule 13-502 *Fees*), specifically Part 6 "Derivatives Participation Fees";
 - c) The derivatives business conduct rule (National Instrument 93-101 *Derivatives: Business Conduct*);
 - d) The mandatory clearing rule (National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives*); and
 - e) The segregation and portability rule (National Instrument 94-102 *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions*).
26. The Filer does not and will not operate a "marketplace" as that term is defined in National Instrument 21-101 *Marketplace Operation* and in Ontario, subsection 1(1) of the OSA.
27. The Filer will ensure that it is in compliance with the securities laws in all jurisdictions in which it operates.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator is that the Requested Relief is granted, provided that:

- a) the counterparty to any OTC Derivative transaction that is entered into by the Filer is a Permitted Counterparty;
- b) in the case of any trade entered into by the Filer with a Permitted Counterparty, the Filer does not offer or provide any credit or margin to the Permitted Counterparty, although the Filer and a Permitted Counterparty may exchange collateral under an OTC Derivatives transaction;
- c) The Filer complies with the filing and fee payment requirements under Part 6 of OSC Rule 13-502 *Fees*; and
- d) the Requested Relief shall terminate on the date that is the earlier of:
 - (i) the date that is four years after the date of this decision; and
 - (ii) the coming into force in the Jurisdiction of legislation or a rule that specifically governs dealer, adviser, or other registration requirements applicable to market participants in connection with OTC Derivative transactions.

“Michelle Alexander”
Manager, Trading and Markets Division
Ontario Securities Commission

OSC File #: 2024/0547

APPENDIX

DEFINITIONS

Clearing Corporation means an association or organization through which Options or futures contracts are cleared and settled.

Contract for Differences means an agreement, other than an Option, a Forward Contract, a spot currency contract, or a conventional floating rate debt security, that provides for:

- (a) an exchange of principal amounts; or
- (b) the obligation or right to make or receive a cash payment based upon the value, level or price, or on relative changes or movements of the value, level or price of, an Underlying Interest.

Forward Contract means an agreement, not entered into or traded on or through an organized market, stock exchange or futures exchange and cleared by a Clearing Corporation, to do one or more of the following on terms or at a price established by or determinable by reference to the agreement and at or by a time established by or determinable by reference to the agreement:

- (a) make or take delivery of the Underlying Interest of the agreement; or
- (b) settle in cash instead of delivery.

Option means an agreement that provides the holder with the right, but not the obligation, to do one or more of the following on terms or at a price determinable by reference to the agreement at or by a time established by the agreement:

- (a) receive an amount of cash determinable by reference to a specified quantity of the Underlying Interest of the Option.
- (b) purchase a specified quantity of the Underlying Interest of the Option.
- (c) sell a specified quantity of the Underlying Interest of the Option.

OTC Derivative means one or more of, or any combination of, an Option, a Forward Contract, a Contract for Differences, or any instrument of a type commonly considered to be a derivative, in which:

- (a) the agreement relating to, and the material economic terms of, the Option, Forward Contract, Contract for Differences or other instrument have been customized to the purposes of the parties to the agreement and the agreement is not part of a fungible class of agreements that are standardized as to their material economic terms;
- (b) the creditworthiness of a party having an obligation under the agreement would be a material consideration in entering into or determining the terms of the agreement; and
- (c) the agreement is not entered into or traded on or through an organized market, stock exchange or futures exchange.

Underlying Interest means, for a derivative, the commodity, interest rate, currency, foreign exchange rate, security, economic indicator, index, basket, benchmark or other variable, or another derivative, and, if applicable, any relationship between, or combination of, any of the foregoing, from or on which the market price, value or payment obligations of the derivative are derived or based.

B.3.3 Coinsquare Capital Markets Ltd.

Headnote

Application for time-limited relief from the prospectus requirement, trade reporting requirements and certain provisions of National Instrument 21-101 Marketplace Operation – relief to allow the Filer to distribute Crypto Contracts and operate a platform that facilitates the buying, selling, holding and staking of crypto assets – relief granted subject to certain conditions set out in the decision, including investment limits, disclosure and reporting requirements – relief will expire upon two (2) years – relief granted based on the particular facts and circumstances of the application with the objective of fostering innovative businesses in Canada – decision should not be viewed as precedent for other filers.

Statute cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 53 and 74.

Instrument, Rule or Policy cited

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 21-101 Marketplace Operation, s. 15.1.
OSC Rule 91-506 Derivatives: Product Determination, ss. 2 and 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
COINSQUARE CAPITAL MARKETS LTD.
(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 Canadian Securities Administrators (**CSA**) / Investment Industry Regulatory Organization of Canada 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 crypto assets because the user's contractual right to the crypto asset may itself constitute a security and/or a derivative (**Crypto Contract**).

To foster innovation and respond to novel circumstances, the CSA has considered a regulatory framework 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 framework is to ensure there is a balance between the need to be flexible and to facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer is currently registered in the category of investment dealer, approved as a dealer and marketplace member with the Canadian Investment Regulatory Organization (**CIRO**) and approved to operate an alternative trading system as a registered investment dealer. The Filer, in connection with its registration as an investment dealer, previously applied for and received exemptive relief on October 12, 2022 on terms substantially similar to this decision. Under the terms and conditions of the decision *In the Matter of Coinsquare Capital Markets Ltd.* dated October 12, 2022 (the **Prior Decision**) and the terms and conditions imposed on its registration, the Filer has operated, and continues to operate a platform that permits clients resident in Canada to enter into Crypto Contracts in all of the Applicable Jurisdictions (as defined below). The Prior Decision will expire on October 12, 2024.

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

Relief Requested

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

- (a) certain reporting requirements under the Local Trade Reporting Rules (as defined in Appendix A) (the **Trade Reporting Relief**); and
- (b) except in British Columbia, New Brunswick, Nova Scotia and Saskatchewan, relief from the following marketplace requirements:
 - a. s. 6.3 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**), which prohibits an alternative trading system (**ATS**) from trading securities other than “exchange-traded securities”, “corporate debt securities”, “government debt securities” and “foreign exchange-traded securities” as those terms are defined in NI 21-101;
 - b. s. 6.7 of NI 21-101, which requires an ATS to notify the securities regulatory authority in writing if the total dollar trading value or volume on the ATS exceeds thresholds set out in s. 6.7; and
 - c. s. 13.1 of NI 21-101, which requires trades on a marketplace to be reported to and settled through a clearing agency, (the **Marketplace Relief**, and together with the Prospectus Relief and the Trade Reporting Relief, the **Requested Relief**).

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

- (a) the Ontario Securities Commission is the principal regulator for the Application (the **Principal Regulator**),
- (b) 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
- (c) 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 Coordinated Review Decision Maker.

Interpretation

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 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).
- (a) “Accredited Crypto Investor” means
- (i) an individual
 - A. who, alone or with a spouse, beneficially owns financial assets (as defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**)) and crypto assets, if not included in financial assets, having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000,
 - B. whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that net income level in the current calendar year,
 - C. whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that net income level in the current calendar year, or
 - D. who, alone or with a spouse, beneficially owns net assets of at least \$5,000,000,
 - (ii) a person or company described in paragraphs (a) to (i) of the definition of “accredited investor” as defined in subsection 73.3(1) of the Act or section 1.1 of NI 45-106, or
 - (iii) a person or company described in paragraphs (m) to (w) of the definition of “accredited investor” as defined in section 1.1 of NI 45-106.
- (b) “Act” means the *Securities Act* (Ontario).
- (c) “Apps” means iOS and Android applications that provide access to the Platform.

- (d) “Crypto Asset Statement” means the statement described in representations 29(d)(v) and 34.
- (e) “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.
- (f) “IOSCO” means the International Organization of Securities Commissions.
- (g) “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.
- (h) “Risk Statement” means the statement of risks described in representation 29(d).
- (i) “Specified Crypto Asset” means the crypto assets, digital or virtual currencies, and digital or virtual tokens listed in Appendix B to this Decision.
- (j) “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.
- (k) “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.
- (l) “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.
- (m) “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 other value or right, or combination thereof.
- (n) “Websites” means the www.coinsquare.com or www.bitbuy.ca websites, or such other website as may be used to host the Platform from time to time.

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

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 principal office in Toronto, Ontario.
2. The Filer is registered as a money services business under regulations made under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada).
3. The Filer is registered as a dealer in the category of investment dealer with the Applicable Jurisdictions and is a member of CICO.

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 the Filer 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's books and records, financial controls and compliance systems (including its policies and procedures) are in compliance with CIRO requirements.
6. The Filer's personnel consist, and will consist, of software engineers, compliance professionals and finance professionals who have experience operating in a regulated financial services environment and expertise in blockchain technology. All of the Filer's key personnel have passed, and new personnel will have passed, criminal records and credit checks.
7. The Filer is not in default of securities legislation of any jurisdictions of Canada. Prior to the Filer's registration as an investment dealer, the Filer's affiliate Coinsquare Ltd. operated the Platform. Coinsquare Ltd. entered into a settlement agreement with the Principal Regulator on July 16, 2020.

The Filer's Business

8. The Filer operates under the business names "Bitbuy" and "Coinsquare".
9. The Filer operates a proprietary and fully automated, internet-based system (the **Platform**) that enables clients to enter into Crypto Contracts with the Filer to buy, sell, hold, stake, deposit and withdraw anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token (each a Crypto Asset, collectively the **Crypto Assets**) through the Filer.
10. The Filer's role under the Crypto Contract is to buy and sell Crypto Assets and to provide custodial services for all Crypto Assets held in accounts on the Platform.
11. To use the Platform, each client must open an account (**Client Account**) using the Filer's Websites or mobile applications. 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. While clients are entitled to transfer Crypto Assets out of their Client Accounts immediately after purchase, clients may choose to leave their Crypto Assets in their Client Accounts.
12. Under the Client Account Agreement, the Filer maintains certain controls over Client Accounts to ensure compliance with applicable law and with the by-laws, rules, regulations and policies of CIRO (**CIRO Rules**), and to provide secure custody of their Client Accounts.
13. The Filer enters into Crypto Contracts with clients to facilitate trading in Crypto Assets which is consistent with activities described in SN 21-327 and constitutes the trading of securities and/or derivatives.
14. The Filer responds as principal to client requests for quotes on Crypto Assets. The Filer also displays client orders for Crypto Assets and its own orders as principal on its marketplace platform (**Marketplace Platform**), as described under "Platform Operations". The Platform constitutes and is regulated as an ATS in all jurisdictions except British Columbia, Saskatchewan, Nova Scotia and New Brunswick where it constitutes an exchange and is regulated as an exempt exchange.
15. The Filer provides order execution only (**OEO**) account services as a CIRO dealer under CIRO rules.
16. The Filer does not have any authority to act on a discretionary basis on behalf of clients and will not offer or provide discretionary investment management services relating to Crypto Assets.
17. The Filer is a member firm of the Canadian Investor Protection Fund (**CIPF**) but the Crypto Assets in the Filer's custody will not qualify for CIPF coverage.
18. The Risk Statement (defined below) includes disclosure that there is 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

19. The Filer has established and applies policies and procedures to review Crypto Assets and to determine whether to allow clients on its Platform to enter into Crypto Contracts to buy, sell, 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.
20. The Filer only offers and only allows clients to enter into Crypto Contracts to buy, sell, stake, and hold Crypto Assets that (i) are not each themselves a security and/or a derivative, or (ii) are Value-Referenced Crypto Assets, in accordance with condition (d) of this Decision.
21. 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 the Crypto Assets pursuant to the KYP Policy and as described in representation 19 to determine whether it is appropriate for its clients;
 - (b) approve the Crypto Asset, and Crypto Contracts to buy and sell such Crypto Asset, to be made available to clients,
 - (c) determine that entering into the Crypto Contract is appropriate for the client, and
 - (d) monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.
22. The Filer is not engaged, and will not engage, in trades that are part of, or designed to facilitate, the design, creation, issuance, or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuers, or affiliates or associates of such persons.
23. The Filer has established and applies policies and procedures to determine 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 in Canada, 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 Canadian jurisdictions.
24. The Filer monitors through media and other sources 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 described in representations 19-23 to change.
25. The Filer acknowledges that any determination made by the Filer 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.
26. 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 their positions in Crypto Contracts with underlying Crypto Assets that the Filer ceases to make available on its Platform.

Account Opening

27. Subject to the Filer determining that it is appropriate for a Client Account to be opened, 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 and to any company located in Canada. The Filer also conducts know-your-client information which satisfies the identity verification requirements applicable to reporting entities under Canadian anti-money laundering and anti-terrorist financing laws and CIRO requirements.

28. Clients of the Filer can access the Platform through its Websites and on its Apps. The Apps and Websites clearly indicate that the Platform is operated by the Filer.
29. As part of the account opening process:
- (a) In addition to the account opening assessment required under CIRO guidance for dealer members offering OEO account services, the Filer assesses “account appropriateness.” Specifically, the Filer collects know-your-client (**KYC**) information and will, prior to opening a Client Account, use electronic questionnaires to collect information that the Filer will use to determine whether it is appropriate for a prospective client to enter into Crypto Contracts with the Filer to buy and sell Crypto Assets. The account appropriateness assessment conducted by the Filer considers the following factors:
 - (i) the client’s experience and knowledge in investing in crypto assets;
 - (ii) the client’s financial assets and income;
 - (iii) the client’s risk and loss tolerance; and
 - (iv) the Crypto Assets approved to be made available to a client by entering into Crypto Contracts on the Filer’s Platform.
 - (b) After completion of the account-level appropriateness assessment, a prospective client receives electronically appropriate messaging about using the Platform to enter into Crypto Contracts, which, in circumstances where the Filer has evaluated that entering into Crypto Contracts with the Filer is not appropriate for the client, will include prominent messaging to the client that this is the case and that the client will not be permitted to open a Client Account with the Filer.
 - (c) the Filer has adopted and applies policies and procedures to conduct an assessment to establish appropriate limits on the losses that a client that is not a permitted client (as defined in NI 31-103) can incur, what limits will apply to such client based on the information collected in (a) above (**Client Limits**), and what steps the Filer will take when the client approaches or exceeds their Client Limits. After completion of the assessment, the Filer will implement controls to monitor and apply the Client Limits.
 - (d) The Filer provides a prospective client with a separate Risk Statement that clearly explains the following in plain language:
 - (i) the Crypto Contracts;
 - (ii) the risks associated with the Crypto Contracts;
 - (iii) a prominent statement that no securities regulatory authority has assessed or endorsed the Crypto Contracts or any of 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 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 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 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 a member of CIPF but the Crypto Contracts and Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection; and
 - (x) a statement that the statutory rights in section 130.1 of the Act, and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Risk Statement or a Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision; and
 - (xi) the date on which the information was last updated.
- 30. In order for a prospective client to open and operate a Client Account with the Filer, the Filer will obtain an electronic acknowledgement from the prospective client confirming that the prospective client has received, read and understood the Risk Statement. Such acknowledgement will be prominent and separate from other acknowledgements provided by the prospective client as part of the account opening process.
- 31. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the Platform.
- 32. The Filer has policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, crypto assets generally, or a specific Crypto Asset, as the case may be. In the event the Risk Statement is updated, existing clients of the Filer will be promptly notified of the update and provided with a copy of the updated Risk Statement. In the event a Crypto Asset Statement is updated, existing clients of the Filer will be promptly notified through website and mobile app disclosures, with links to the updated Crypto Asset Statement.
- 33. 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 Websites or Apps.
- 34. Each Crypto Asset Statement will include:
 - (a) a prominent statement that no securities regulatory authority 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 and, if applicable, the developer(s) that created the Crypto Asset,
 - (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.
- 35. In addition to any monitoring required by CIRO, the Filer monitors and will continue to monitor Client Accounts after opening to identify activity inconsistent with the client's account and Crypto Asset assessment. If warranted, the client may receive further messaging about the Platform and the Crypto Assets, specific risk warnings and/or receive direct outreach from the Filer about their activity.
- 36. The Filer monitors compliance with the Client Limits established in representation 29(c). If warranted, the client will receive warnings when their Client Account is approaching its Client Limits, which will include information on steps the client may take to prevent the client from incurring further losses.
- 37. The Filer will also periodically prepare and make available to its clients, educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets.
- 38. In addition to the Risk Statement, Crypto Asset Statement and ongoing education initiatives described in representations 29 to 37, and the account appropriateness assessment described in representation 29, know-your-product assessments described in representations 19 to 24, and the Client Limits described in representations 29(c) and 36 the Filer also monitors client activity 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.

Platform Operations

39. Clients can enter orders on the Platform in one of two ways:
- (a) Quick Trade is a "Request For Quote" (**RFQ**) system that allows a client to enter a market order with the specified trading pair and quantity after receiving a quote that provides indicative trading terms.
 - (b) Limit Order allows a client to interface with a displayed, two-sided order book (the **Order Book**), as further described below, under "The Marketplace Platform", for the purpose of executing limit orders in the Order Book.
40. In respect of Quick Trade, the Filer is a counterparty to each trade. The Filer trades and then hedges its inventory risk by trading in other markets through multiple global crypto asset trading firms or marketplaces (**Liquidity Providers**). The Filer is compensated by a spread that is added to the best observed price at which it can buy the Crypto Asset through its Liquidity Providers or subtracted from the best observed price at which it can sell the Crypto Asset through its Liquidity Providers. The spread is disclosed on the Platform. After an order has been initiated by a client, the Filer will present this adjusted price to the client as a price quote at which the Filer is willing to transact with the client, absent unusual market conditions or technological problems. The quote will include a target range within which the spread is anticipated to fall. If the client finds the price agreeable, the client will accept the price and agree to the trade.
41. In respect of Limit Order, client orders are matched in the Order Book with other client orders, the Filer's principal orders (which are also displayed in the Order Book as resting orders), or orders placed by other marketplace subscribers. Marketplace subscribers will consist of the Filer, other CIRO Dealer Members and approved large institutional buy-side firms (the **Subscribers**). Relying on aggregated external pricing data from Liquidity Providers, the Filer enters orders in the Order Book in order to provide liquidity around the prevailing market trading price. The Filer's orders are handled in the same manner as client orders entered on the Platform with no preference given or advantage to the handling of the Filer's orders and no advance knowledge of the client orders in the Order Book.
42. 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 high net-worth individuals and corporations. 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. Each transaction a client undertakes from its use of the OTC trading services results in a bilateral contract between the client and the Filer.
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. All fees, including the Filer's spread when acting as principal and transaction fees as applicable are clearly disclosed and clients can verify pricing for Crypto Assets on the Platform against publicly available pricing information on other CTPs.
45. The Filer establishes, maintains and ensures compliance with policies and procedures that identify and manage conflicts of interest arising from the operation of the Platform and its related services, including conflicts between the interests of its owners, its commercial interests and the responsibilities and sound functioning of the Platform and related services.
46. The Filer's policies and procedures to identify and manage conflicts of interest address those that arise from the trading activities of the Filer as principal on the Platform, as described above. The Filer believes that potential conflicts of interest arising from the operation of the Platform are adequately addressed through appropriate disclosure and the controls implemented within the operational model of the Platform.
47. The Filer periodically evaluates the price obtained from its Liquidity Providers against appropriate benchmarks relating to Crypto Assets to confirm that in using its Liquidity Providers it is providing fair and reasonable pricing to its clients. If the Filer concludes from its review that it is not providing fair and reasonable pricing to its clients, it will take steps to address this.
48. 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.

49. In the absence of unpredicted technological issues or unusual market conditions, all Crypto Contracts entered into by clients to buy, sell and hold Crypto Assets will be placed with the Filer through the Apps or the Websites. Clients will be able to submit buy and sell orders, either in units of the applicable Crypto Asset or in fiat currency, 24 hours a day, 7 days a week. Clients will be able to deposit and withdraw Crypto Assets and fiat currency, 24 hours a day, 7 days a week (or where applicable, for fiat currency during banking hours).

The Marketplace Platform

50. The Filer, as a CRO marketplace member, provides the Marketplace Platform to bring together buyers and sellers of digital assets using established, non-discretionary methods under which orders interact with each other, and the buyers and sellers agree to the terms of the trade. In some jurisdictions the Marketplace Platform constitutes an ATS under applicable securities legislation while in other jurisdictions it constitutes an exchange under applicable securities legislation and will be regulated as an exempt exchange.
51. The sole Subscriber to the Marketplace Platform is the Filer, and the Filer will provide clients who are accessing the Marketplace Platform through Limit Order with access to the Platform, subject to appropriate risk management and pre-trade controls.
52. The Marketplace Platform provides a two-sided, electronic auction market with a visible central limit order book that matches orders at “top of book” in strict price/time priority. The Marketplace Platform will not support market orders, contingent orders, dark orders, short sales, or indications of interest.
53. The Marketplace Platform offers an application programming interface (**API**) for Subscribers and/or market data vendors to retrieve depth-of-book order data and data on completed trades.
54. The following designations or markers will be applied to orders, as appropriate: trading participant number, marketplace number, account type: Order-Execution-Only Client / Non-Client / Principal; client Identifier (i.e., Legal Entity Identifier or client account number, as applicable) and time in force: GTC (good till cancelled / FOK (fill or kill) / IOC (immediate execution or cancel).
55. The Filer charges a transaction fee for every trade on the Marketplace Platform using a maker/taker fee model which is disclosed on the Websites.

Pre-trade Controls and Settlement

56. Clients will be permitted to transfer into their Client Account with the Filer, Crypto Assets they obtained outside the Platform or, subject to paying applicable withdrawal fees and satisfying applicable minimum withdrawal size requirements in effect from time to time, withdraw from their Client Account with the Filer, Crypto Assets they have purchased pursuant to their Crypto Contracts with the Filer or deposited with the Filer. Crypto Assets deposited with the Filer will be promptly delivered by the Filer to the Filer’s custodian to be held in trust for the benefit of the client. 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. No quote or order will be accepted unless there are sufficient assets available in the Client Account to complete the trade.
57. A Crypto Contract is a bilateral contract between a client and the Filer. Each transaction a client undertakes through the RFQ process using Quick Trade, and the matching of orders through Limit Order on the Platform, results in an agreement between the persons or companies that entered the orders but is a bilateral Crypto Contract between the client and the Filer for the purposes of settlement.
58. The Filer’s internal ledger records all of the transactions executed on the Platform. No order will be accepted by the Filer unless there are sufficient assets available in the Client Account to fund the trade. When client orders are executed through the Platform, the internal ledger is updated. All Crypto Contracts are settled directly between the Filer and each of the buyers and sellers when the matching takes place on the Platform with respect to Limit Orders since the Filer has verified that assets are available prior to order entry.
59. The Filer does not, and, will not (except in accordance with CRO rules and with the prior written consent of CRO) 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.
60. The Filer will promptly settle 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 will arrange 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.

61. Clients will receive electronic trade confirmations and monthly statements setting out the details of the transaction history in their Client Account with the Filer in compliance with CRO Rules. Clients will also be able to view their transaction history and account balances in real time by accessing their Client Account with the Filer.
62. The Filer has expertise in and has developed anti-fraud and anti-money-laundering monitoring systems, for both fiat and Crypto Assets, to reduce the likelihood of fraud, money laundering, or client error in sending or receiving Crypto Assets to incorrect wallet addresses.

Custody of Crypto Assets and Cash

63. The Filer has established and will maintain and apply policies and procedures that manage and mitigate custodial risks, including an effective system of controls and supervision to safeguard Crypto Assets. The Filer has established and will maintain accounting practices, internal controls and safekeeping and segregation procedures intended to protect clients' assets.
64. 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.
65. The Filer is proficient and experienced in holding and staking 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.
66. 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 Acceptable Third-Party Custodians regulated as trust companies (the **Custodians**).
67. 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.
68. 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.
69. 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.
70. 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".
71. 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.
72. 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.
73. 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.
74. 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.

75. 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.
76. 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.
77. 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.
78. The Filer has licensed software from Digital Assets Services Limited (trading as 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.
79. 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.
80. 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. Fireblocks has insurance coverage in the amount of US\$30 million in aggregate which, in the event of theft of crypto assets from hot wallets secured by Fireblocks due to an external cyber breach of Fireblocks' software or any malicious or intentional misbehaviour or fraud committed by employees, will be distributed among applicable Fireblocks customers, which could include the Filer, pursuant to an insurance settlement agreement. 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.

Staking Services

81. 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**).
82. 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**).
83. The Filer itself does not, and will not, without the prior written consent of CIRO and the Principal Regulator, act as a Validator or contract with a staking services provider under terms requiring the Filer to authorize the delegation of validator keys. The Filer will have 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.
84. 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.
85. The Filer currently offers the Staking Services in respect of several blockchains including Ethereum, Solana, Polygon, and Polkadot. The Filer may offer the Staking Services in respect of other Stakeable Crypto Assets in the future.
86. 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.
87. The Filer evaluates whether offering the Staking Services is appropriate 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.
88. If, after completion of an account appropriateness assessment, the Filer determines that providing the Staking Services is not appropriate for the client, the Filer will notify the client that this is the case and the Filer will not make available the Staking Services to the client.
89. 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.
90. 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 9! below, and requires the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
91. 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.
92. 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.
93. The Staking Services are currently available by using the Apps or through the Websites.
94. 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.
95. For certain Stakeable Crypto Assets, the Filer will also allow clients to automatically stake those Stakeable Crypto Assets when purchasing more of the asset. If a client turns on this "auto-stake" feature, Stakeable Crypto Assets are automatically staked upon being purchased by the client. The client can disable this feature at any time.
96. Immediately before each time a client buys Stakeable Crypto Assets that are automatically staked, the Filer will provide prominent disclosure to the client that the Stakeable Crypto Asset the client is about to buy will be automatically staked.
97. Subject to any Lock-up Periods that may apply, the client may at any time use the Apps or Websites to instruct the Filer to unstake a specified amount of Stakeable Crypto Assets that the client had previously staked.
98. 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.
99. 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. A **Location** is an address or wallet (or group of addresses or wallets) that is (are) subject to a distinct pre-set governance policy within the private key management solution employed by the Filer or the Custodians. For greater certainty, the Filer (or the Custodians) will not stake customer Crypto Assets from the same Location in which it holds unstaked customer Crypto Assets.

100. Notwithstanding representation 99, the Filer may maintain a residual proprietary interest in the Locations holding customer staked Crypto Assets:
- (a) to meet minimum quantity requirements established by a proof of stake network;
 - (b) to maintain preferential validator selection criteria while managing turnover in customer staked positions, where this portion of the residual proprietary interest corresponds with historical turnover;
 - (c) to the extent that such Locations temporarily hold fees payable to the Filer from staking rewards received for clients.
101. 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.
102. 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.
103. 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 un stake 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.
104. 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.
105. 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.
106. 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.
107. 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.
108. For certain Stakeable Crypto Assets, staking rewards are automatically staked by the blockchain protocol to compound rewards. Clients must un stake some or all of these rewards if they wish to sell or transfer them.
109. 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.
110. 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.
111. 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.
112. 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.
113. The Filer may show in the Apps or Websites 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.
114. 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.

115. 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.
116. 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.
117. 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.
118. 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.
119. 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.
120. 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.
121. 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.
122. 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.
123. 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.
124. 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.
125. 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.

Marketplace and Clearing Agency

126. The Filer will operate a “marketplace” as that term is defined in National Instrument 21-101 *Marketplace Operation* and in Ontario, subsection 1(1) of the Act.
127. Marketplace Relief is necessary because NI 21-101 was not drafted for crypto asset marketplace platforms, and certain requirements are not applicable in this context. The regulators have recognized, in Staff Notice 21-329, that the existing requirements of securities legislation may be tailored through terms and conditions and through discretionary exemptive relief, which allows CTPs to operate with appropriate regulatory oversight.

128. The terms and conditions attached to this Decision, as well as the Filer's requirements as a dealer and marketplace member of CIRO, provide appropriate investor protection safeguards. The Marketplace Relief is limited and reflects the balance between needing to be flexible in order to foster innovation in the Canadian capital markets and promoting investor protection and fair and efficient capital markets.
129. In Ontario, the Filer will not operate a "clearing agency" or a "clearing house" as the terms are defined or referred to in securities or commodities futures legislation.

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 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 Prior Decision is revoked, as applicable, and 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:

- (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 an investment dealer in the Jurisdiction and the jurisdiction in which the client is resident and is a member of CIRO.
- (c) The Filer will comply with terms and conditions or other requirements imposed by CIRO, and for any change in business, the Filer will submit an application to CIRO and comply with any and all terms and conditions imposed by CIRO as a result of the change in business.
- (d) The Filer will only engage in the business of trading Crypto Assets or Crypto Contracts in relation to Crypto Assets that (1) are not securities or derivatives, or (2) are Value-Referenced Crypto Assets, provided that:
 - (i) the Filer does not allow clients to buy or deposit, or enter into Crypto Contracts or buy or deposit, Value-Referenced Crypto Assets that do not satisfy the conditions set out in section (1) of Appendix C; and
 - (ii) by December 31, 2024, the Filer will no longer allow clients to buy or deposit, or 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.
- (e) The Filer has and will continue to confirm that it is not liable for the debt of an affiliate or affiliates that could have a material negative effect on the Filer, except as required under the Investment Dealer and Partially Consolidated Rules IDPC Rules with respect to related companies (as defined in the IDPC Rules).
- (f) 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.
- (g) Before the Filer holds Crypto Assets with an Acceptable Third-party Custodian, the Filer will take reasonable steps to verify that the custodian:
 - (i) will hold the Crypto Assets for the benefit of 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;
 - (ii) has appropriate insurance to cover the loss of Crypto Assets held at the custodian;

- (iii) 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
 - (iv) 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.
- (h) The Filer will promptly notify the Principal Regulator if the Alberta Ministry of Treasury Board and Finance, 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 the Filer's custodian is not permitted by that regulatory authority to hold client Crypto Assets.
- (i) The Filer will promptly notify the Principal Regulator if the Alberta Ministry of Treasury Board and Finance or the Alberta Securities Commission, makes a determination that Tetra Trust Company is not permitted by that regulatory authority to hold client Crypto Assets.
- (j) For the Crypto Assets held by the Filer, the Filer will:
 - (i) hold the Crypto Assets in trust for the benefit of its clients and separate and distinct from the assets of the Filer;
 - (ii) ensure there is appropriate insurance to cover the loss of Crypto Assets held by the Filer; and
 - (iii) 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.
- (k) The Filer uses or will only use Liquidity Providers that it has verified are appropriately registered and/or licensed, to the extent required in their respective home jurisdictions, to execute trades in the Crypto Assets and that they are not in default of securities legislation in the Applicable Jurisdictions. The Filer 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.
- (l) 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.
- (m) 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 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 its own Proprietary Tokens and to consider limiting reliance on those Liquidity Providers.
- (n) When the Filer trades with its clients on a principal basis in its capacity as a dealer, the Filer will abide by policies it has adopted with a view to providing fair and reasonable prices to its clients.
- (o) 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.
- (p) Before each prospective client opens a Client 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.
- (q) The Risk Statement delivered as set out in condition (p) 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.
- (r) A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the Platform.
- (s) 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 Apps and includes the information set out in representation 34.
- (t) 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,

- (i) 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
 - (ii) in the event of any update to a Crypto Asset Statement, will promptly notify clients through electronic disclosures on the Platform, with links to the updated Crypto Asset Statement.
- (u) 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.
- (v) For each client, the Filer will perform an appropriateness assessment as described in representation 29 prior to opening a Client Account, on an ongoing basis and at least every twelve months.
- (w) The Filer will monitor client activity and contact clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required.
- (x) The Filer has established and will apply and monitor the Client Limits as set out in representation 29(c).
- (y) 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 is an amount not less than \$0) in the preceding 12 months:
 - (i) in the case of a client that is not an Eligible Crypto Investor, does not exceed a net acquisition cost of \$30,000;
 - (ii) 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
 - (iii) in the case of an Accredited Crypto Investor, is not limited.
- (z) 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.
- (aa) The Filer will provide the Principal Regulator with at least 10 days' prior written notice of any:
 - (i) change of or use of a new custodian; and
 - (ii) material changes to the Filer's ownership, its business operations, including its systems, or its business model.
- (bb) The Filer will notify CICO and the Principal Regulator, promptly, of any material breach or failure of its or its custodian's system of controls or supervision, or any material systems failure, malfunction, delay, or security breach of the systems or controls relating to the operation of the marketplace functions, 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.
- (cc) The Filer will evaluate Crypto Assets as set out in representations 19 to 24.
- (dd) 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 anti-money laundering 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.
- (ee) 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 that (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, (1) a security and/or derivative, or (2) a Value-Referenced Crypto Asset that does not satisfy the conditions set out in condition (d).
- (ff) Before the Filer acts as a carrying broker to a dealer, the Filer will take reasonable steps to verify that the dealer has received the prior written approval of CICO to offer Crypto Contracts to its clients.

- (gg) 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.
- (hh) The Filer will comply with the terms and conditions in Appendix D in respect of the Staking Services.
- (ii) The Filer will deliver the reporting as set out in Appendix E.
- (jj) Within 7 calendar days from the end of each month, the Filer will deliver to the regulator or securities regulatory authority in each of the Applicable Jurisdictions, a report of all Client Accounts for which the Client Limits established pursuant to representation 29(b) were exceeded during that month.
- (kk) The Filer will provide certain reporting in respect of the preceding calendar quarter to its Principal Regulator and CIRO within 30 days of the end of March, June, September, and December in connection with the Staking Services, including, but not limited to:
 - (i) The total number of clients to which the Filer provides the Staking Services;
 - (ii) The Crypto Assets for which the Staking Services are offered;
 - (iii) For each Crypto Asset that may be staked:
 - A. The amount of Crypto Assets staked;
 - B. The amount of each such Crypto Assets staked that is subject to a Lock-up Period and the length of the Lock-up Period;
 - C. The amount of Crypto Assets that clients have requested to unstake; and
 - D. The amount of rewards earned by the Filer and the clients for the Crypto Assets staked under the Staking Services.
 - (iv) The names of any third parties used to conduct the staking services;
 - (v) Any instance of slashing, jailing or other penalties being imposed for validator error;
 - (vi) The details of why these penalties were imposed;
 - (vii) Any reporting regarding the Filer's liquidity management as requested by the Principal Regulator; and
 - (viii) The value, at the end of each period, of the Filer's residual proprietary interest in segregate staked Locations for each Crypto Asset staked.
- (ll) The Filer will deliver to the Principal Regulator, within 30 days of the end of each March, June, September and December, either (i) 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 (ii) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.
- (mm) 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:
 - (i) 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.
 - (ii) total number of executed client orders and total value of executed client orders on a by pair basis, with each such reported value further broken out by the proportion of executed market orders compared to executed limit orders.
- (nn) 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:
 - (i) the number of instances of improper trading activity identified, by category, and the proportion of each such category that arose from client complaints/reports;

B.3: Reasons and Decisions

- (ii) the number of instances in (i) that were further investigated or reviewed, by category;
 - (iii) the number of investigations in (ii), by category, that were closed with no action;
 - (iv) a summary of each investigation in (ii) that was escalated for action to be taken, including a description of the action taken in each case; and
 - (v) a summary of the status of any open investigations.
- (oo) 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.
- (pp) Upon request, the Filer will provide the Principal Regulator and the 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.
- (qq) 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, by CIRO or by the Principal Regulator arising from the operation of the Platform.
- (rr) 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:
 - (i) maintain adequate procedures and processes to ensure the provision of accurate and reliable settlement services in connection with Crypto Assets; and
 - (ii) maintain appropriate risk management policies and procedures and internal controls to minimize the risk that settlement will not take place as expected.
- (ss) This Decision expires on the date that is two years from the date of this Decision.
- (tt) This Decision may be amended by the Principal Regulator upon prior written notice to the Filer in accordance with applicable securities legislation.

Date: October 11, 2024

"Michelle Alexander"
Manager, Trading and Markets Division
Ontario Securities Commission

Appendix A – Local Trade Reporting Rules

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

- (a) Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**OSC Rule 91-507**);
- (b) Part 3, Data Reporting of Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**MSC Rule 91-507**);
- (c) 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**).

Appendix B – List of Specified Crypto Assets

- Bitcoin
- Ether
- Bitcoin Cash
- Litecoin
- A Value-Referenced Crypto Asset that complies with condition (d).

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 and in a manner consistent with the representations in the Decision and in accordance with the terms and conditions of the Decision.
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, and any past history of "double signing" or "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 to assess account appropriateness for a client include consideration of the Staking Services to be made available to that client.
7. The Filer applies the account appropriateness policies and procedures to evaluate whether offering the Staking Services is appropriate 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, after completion of an account level appropriateness assessment, the Filer determines that providing the Staking Services is not appropriate for the client, the Filer will provide 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 for 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 frozen or closed each month in the quarter;
 - iii. Number of Client Accounts applications rejected by the Platform each month in the quarter based on the account appropriateness factors as described in representation 29;
 - 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 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 Accounts that exceeded their Client Limit at the end of each month in the quarter;
 - xiii. Number of client directed trades for each month in the quarter, and
 - xiv. 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;
 - e) The details of the transaction volume per Liquidity Provider, per Crypto Asset during the quarter;
 - f) The amount of crypto assets held in hot storage as of the end of the quarter,
 - g) The amount of the guarantee described in representation 80 as of the end of the quarter; and
 - h) 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 Name	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
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

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 Name	Definition for Data Element ¹	Format	Values	Example
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
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
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

B.3: Reasons and Decisions

Number	Data Element Name	Definition for Data Element ¹	Format	Values	Example
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

B.4 Cease Trading Orders

B.4.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Enfield Exploration Corp.	October 7, 2024	October 8, 2024
Comprehensive Healthcare Systems Inc.	July 9, 2024	October 10, 2024

B.4.2 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
THERE IS NOTHING TO REPORT THIS WEEK.		

B.4.3 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Expire	Date of Issuer Temporary Order
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		

Company Name	Date of Order	Date of Lapse
Agrios Global Holdings Ltd.	September 17, 2020	
Sproutly Canada, Inc.	June 30, 2022	
iMining Technologies Inc.	September 30, 2022	
Alkaline Fuel Cell Power Corp.	April 4, 2023	
mCloud Technologies Corp.	April 5, 2023	
FenixOro Gold Corp.	July 5, 2023	
HAVN Life Sciences Inc.	August 30, 2023	
Perk Labs Inc.	April 4, 2024	
Organto Foods Inc.	May 8, 2024	
AION THERAPEUTIC INC.	August 30, 2024	
Hybrid Power Solutions Inc.	October 2, 2024	

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B.7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as in Thomson Reuters Canada's internet service SecuritiesSource (see www.westlawnextcanada.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

B.9

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:

Pender US Small/Mid Cap Equity Fund
Principal Regulator – British Columbia

Type and Date:

Preliminary Simplified Prospectus dated Oct 10, 2024
NP 11-202 Preliminary Receipt dated Oct 10, 2024

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Filing #06191663

Issuer Name:

Algonquin Fixed Income 2.0 Fund
Principal Regulator – Ontario

Type and Date:

Final Simplified Prospectus dated Oct 8, 2024
NP 11-202 Final Receipt dated Oct 8, 2024

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Filing #06186073

Issuer Name:

First Trust Vest SMID Rising Dividend Achievers Target
Income ETF
Principal Regulator – Ontario

Type and Date:

Final Long Form Prospectus dated Oct 7, 2024
NP 11-202 Final Receipt dated Oct 10, 2024

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Filing #06186930

Issuer Name:

CIBC Multi-Sector Fixed Income Private Pool
Principal Regulator – Ontario

Type and Date:

Amendment No. 1 to Final Simplified Prospectus dated
October 2, 2024

NP 11-202 Final Receipt dated Oct 11, 2024

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Filing #06151091

Issuer Name:

CI Gold Bullion Fund
Principal Regulator – Ontario

Type and Date:

Amendment No. 2 to Final Long Form Prospectus dated
October 10, 2024

NP 11-202 Final Receipt dated Oct 11, 2024

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Filing #06100695

NON-INVESTMENT FUNDS

Issuer Name:

Lavras Gold Corp.

Principal Regulator – Ontario**Type and Date:**

Preliminary Shelf Prospectus dated October 11, 2024

NP 11-202 Preliminary Receipt dated October 11, 2024

Offering Price and Description:

\$50,000,000

Common Shares

Filing # 06192142**Issuer Name:**

Breathe BioMedical Inc.

Principal Regulator – New Brunswick**Type and Date:**

Amendment to Preliminary Long Form Prospectus dated October 4, 2024

NP 11-202 Amendment Receipt dated October 7, 2024

Offering Price and Description:

2,625,000 COMMON SHARES

Price: US\$* per Common Share

Filing # 06154417**Issuer Name:**

Global Uranium Corp.

Principal Regulator – Alberta**Type and Date:**

Preliminary Shelf Prospectus dated October 7, 2024

NP 11-202 Preliminary Receipt dated October 8, 2024

Offering Price and Description:

\$50,000,000 - Common Shares, Warrants, Subscription Receipts, Units, Debt Securities

Filing # 06190779**Issuer Name:**

Libero Copper & Gold Corporation

Principal Regulator – British Columbia**Type and Date:**

Preliminary Shelf Prospectus dated October 7, 2024

NP 11-202 Preliminary Receipt dated October 7, 2024

Offering Price and Description:

\$50,000,000 - Common Shares, Warrants, Subscription Receipts, Units, Share Purchase Contracts

Filing # 06190774**Issuer Name:**

Topaz Energy Corp.

Principal Regulator – Alberta**Type and Date:**

Preliminary Short Form Prospectus dated October 7, 2024

NP 11-202 Preliminary Receipt dated October 7, 2024

Offering Price and Description:

\$175,350,000

7,000,000 Common Shares

Price: \$25.05 per Common Share

Filing # 06189301**Issuer Name:**

Kraken Robotics Inc.

Principal Regulator – Ontario**Type and Date:**

Preliminary Short Form Prospectus dated October 7, 2024

NP 11-202 Preliminary Receipt dated October 7, 2024

Offering Price and Description:

\$45,000,000

28,125,000 Common Shares

\$1.60 per Common Share

Filing # 06189327**Issuer Name:**

kneat.com, inc.

Principal Regulator – Ontario**Type and Date:**

Final Short Form Prospectus dated October 7, 2024

NP 11-202 Final Receipt dated October 7, 2024

Offering Price and Description:

\$35,000,375

7,368,500 Common Shares

Price: \$4.75 per Offered Share

Filing # 06186519**Issuer Name:**

Arizona Sonoran Copper Company Inc.

Principal Regulator – Ontario**Type and Date:**

Final Short Form Prospectus dated October 4, 2024

NP 11-202 Final Receipt dated October 7, 2024

Offering Price and Description:

\$30,015,000

20,700,000 COMMON SHARES

\$1.45 per Offered Share

Filing # 06186330**Issuer Name:**

Oceanview Technologies Inc.

Principal Regulator – British Columbia**Type and Date:**

Preliminary Long Form Prospectus dated October 8, 2024

NP 11-202 Preliminary Receipt dated October 9, 2024

Offering Price and Description:

3,613,900 SR SHARES ISSUABLE ON DEEMED CONVERSION OF 3,613,900 BRIDGE SUBSCRIPTION RECEIPTS

AND

[2,300,000] SR SHARES AND [2,300,000] SR WARRANTS ISSUABLE ON DEEMED CONVERSION OF [2,300,000] CONCURRENT SUBSCRIPTION RECEIPTS

AND

[35,203,249] PAYMENT SHARES AND [3,450,000] PAYMENT WARRANTS ISSUABLE PURSUANT TO A SHARE EXCHANGE AGREEMENT

Filing # 06191190

B.10 Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Bayfront Capital Partners Ltd.	Exempt Market Dealer	October 8, 2024
Change in Registration Category	LongPoint Asset Management Inc.	From: Portfolio Manager and Investment Fund Manager To: Portfolio Manager, Investment Fund Manager, Exempt Market Dealer and Commodity Trading Manager	October 8, 2024
Voluntary Surrender	Backer Wealth Management Inc.	Portfolio Manager	October 10, 2024
Change in Registration Category	WTW Investment Management Canada Limited	From: Portfolio Manager, Exempt Market Dealer, Investment Fund Manager and Commodity Trading Manager To: Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	October 10, 2024
Voluntary Surrender	AGFWave Asset Management Inc.	Portfolio Manager	October 10, 2024
Voluntary Surrender	NORTHERN PRECIOUS METALS MANAGEMENT INC./GESTION MÉTAUX PRÉCIEUX NORTHERN INC.	Portfolio Manager	October 10, 2024
Voluntary Surrender	DMAT Capital Management Inc.	Portfolio Manager and Commodity Trading Manager	October 10, 2024

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B.11

CIRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.1 CIRO

B.11.1.1 Canadian Investment Regulatory Organization (CIRO) – Rule Consolidation Project – Phase 4 – Request for Comment

REQUEST FOR COMMENT

CANADIAN INVESTMENT REGULATORY ORGANIZATION (CIRO)

RULE CONSOLIDATION PROJECT – PHASE 4

CIRO is publishing for comment Phase 4 of its Rule Consolidation Project rule proposals. The Rule Consolidation Project will bring together the two member regulation rule sets currently applicable to investment dealers (IDPC Rules) and to mutual fund dealers (MFD Rules) into one set of member regulation rules applicable to both categories of CIRO Dealer Members.

The objective of Phase 4 of the Rule Consolidation Project (Phase 4 Proposed DC Rules) is to adopt requirements that are mostly unique to the IDPC and MFD Rules and have been assessed as having differences deemed to be significant with potential material impacts on stakeholders.

The Phase 4 Proposed DC Rules involves the adoption of rules relating to:

- approval and proficiency for individuals,
- managing significant areas of risk, and
- business conduct and client accounts rules.

A copy of the CIRO Bulletin, including the text of the Phase 4 Proposed DC Rules, is also available on the Commission's website at www.osc.ca. The comment period ends on February 4, 2025.

B.11.3 Clearing Agencies

B.11.3.1 Canadian Derivatives Clearing Corporation (CDCC) – Proposed Amendments to the Rules of the CDCC Regarding Voluntary Withdrawal and the Limited Liability of Clearing Members – Notice of Commission Approval

CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC)

NOTICE OF COMMISSION APPROVAL

**PROPOSED AMENDMENTS TO
THE RULES OF THE CDCC REGARDING VOLUNTARY WITHDRAWAL
AND THE LIMITED LIABILITY OF CLEARING MEMBERS**

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and the Canadian Derivatives Clearing Corporation (CDCC), the Commission approved on October 2, 2024, the amendments to the CDCC Rules to limit withdrawing Clearing Members' exposure to one Default Management Period (DMP) following the closing of their outstanding positions and to consolidate in the CDCC Rules all aspects of the definition of the DMP.

For further details, please see the Request for Comments Notice published on CDCC's [website](#) on June 5, 2024.

Index

AGFWave Asset Management Inc.		FRNT Financial Inc.	
Voluntary Surrender	8255	Decision8100	
Agrios Global Holdings Ltd.		Gong, Xiao Hua (Edward)	
Cease Trading Order	8141	Notice from the Governance & Tribunal Secretariat	8093
Aion Therapeutic Inc.		HAVN Life Sciences Inc.	
Cease Trading Order	8141	Cease Trading Order.....	8141
Alkaline Fuel Cell Power Corp.		Hybrid Power Solutions Inc.	
Cease Trading Order	8141	Cease Trading Order.....	8141
Backer Wealth Management Inc.		iMining Technologies Inc.	
Voluntary Surrender	8255	Cease Trading Order.....	8141
Bayfront Capital Partners Ltd.		LongPoint Asset Management Inc.	
Voluntary Surrender	8255	Change in Registration Category	8255
Canadian Derivatives Clearing Corporation		mCloud Technologies Corp.	
Clearing Agencies – Proposed Amendments to the Rules of the CDCC Regarding Voluntary Withdrawal and the Limited Liability of Clearing Members – Notice of Commission Approval	8258	Cease Trading Order.....	8141
Canadian Investment Regulatory Organization		Northern Precious Metals Management Inc./Gestion Métaux Précieux Northern Inc.	
Rule Consolidation Project – Phase 4 – Request for Comment	8257	Voluntary Surrender	8255
CDCC		Organto Foods Inc.	
Clearing Agencies – Proposed Amendments to the Rules of the CDCC Regarding Voluntary Withdrawal and the Limited Liability of Clearing Members – Notice of Commission Approval	8258	Cease Trading Order.....	8141
CIRO		OSC Staff Notice 11-737 (Revised) – Securities Advisory Committee – Vacancies	
Rule Consolidation Project – Phase 4 – Request for Comment	8257	Notice	8095
Coinsquare Capital Markets Ltd.		Performance Sports Group Ltd.	
Decision	8106	Cease Trading Order.....	8141
Comprehensive Healthcare Systems Inc.		Perk Labs Inc.	
Cease Trading Order	8141	Cease Trading Order.....	8141
DMAT Capital Management Inc.		Sproutly Canada, Inc.	
Voluntary Surrender	8255	Cease Trading Order.....	8141
Enfield Exploration Corp.		WTW Investment Management Canada Limited	
Cease Trading Order	8141	Change in Registration Category	8255
FenixOro Gold Corp.			
Cease Trading Order	8141		
Franklin Templeton Investments Corp.			
Decision	8097		

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