

## 13.2 Marketplaces

### 13.2.1 Bloomberg Trading Facility Limited and Bloomberg Trading Facility B.V. – Applications for Exemption from Recognition as an Exchange – Notice and Request for Comment; and – Bloomberg Tradebook Canada Company – Registration as an Investment Dealer and Authorization to Operate an Alternative Trading System – Notice of Initial Operations

#### NOTICE AND REQUEST FOR COMMENT

#### APPLICATIONS BY BLOOMBERG TRADING FACILITY LIMITED (BTFL) AND BLOOMBERG TRADING FACILITY B.V. (BV) FOR EXEMPTION FROM RECOGNITION AS AN EXCHANGE

#### AND

#### NOTICE OF INITIAL OPERATIONS FOR BLOOMBERG TRADEBOOK CANADA COMPANY (BTCC) IN CONNECTION WITH REGISTRATION AS AN INVESTMENT DEALER AND AUTHORIZATION TO OPERATE AN ALTERNATIVE TRADING SYSTEM (ATS)

#### A. Introduction

This notice requests comment on

- (i) the applications filed by BTFL and BV under section 147 of the *Securities Act* (Ontario) (**Act**) for an exemption from the requirement to be recognized as an exchange contained in section 21 of the Act (**Recognition Requirement**);
- (ii) the draft orders exempting BTFL and BV from the Recognition Requirement; and
- (iii) the application from BTCC for registration as an investment dealer and authorization to operate an ATS.

The applications by BTFL and BV for orders exempting them from the Recognition Requirement can be found on our website [www.osc.ca](http://www.osc.ca).

Attached to this notice are

- (i) a description of how BTFL, BV and BTCC will operate, provided by the applicants;
- (ii) a draft order exempting BTFL from the Recognition Requirement;
- (iii) a draft order exempting BV from the Recognition Requirement; and
- (iv) a Notice of Initial Operations from BTCC.

#### B. Applications and Draft Exemption Orders

In the applications, BTFL and BV have outlined how they meet the criteria for exemption from the Recognition Requirement. The specific criteria can be found in Appendix 1 of each draft exemption order. Subject to comments received, Staff intend to recommend that the Commission grant exemption orders with terms and conditions based on the draft exemption order.

#### C. Notice of Initial Operations

The Notice of Initial Operations describes the operations of the BTCC ATS.

#### D. Comment Process

The Commission is publishing for public comment the applications, and draft exemption orders and Notice of Initial Operations for 30 days. We are seeking comment on all aspects of the applications, draft exemption orders and Notice of Initial Operations.

Please provide your comments in writing, via e-mail, on or before June 14, 2021, to the attention of:

Ontario Securities Commission  
20 Queen Street West, 22nd Floor  
Toronto, Ontario M5H 3S8  
Email: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

The confidentiality of submissions cannot be maintained as the comment letters and a summary of written comments received during the comment period will be published.

Questions may be referred to:

Timothy Baikie  
Senior Legal Counsel, Market Regulation  
Email: [tbaikie@osc.gov.on.ca](mailto:tbaikie@osc.gov.on.ca)

Hanna Cho  
Legal Counsel, Market Regulation  
Email: [hcho@osc.gov.on.ca](mailto:hcho@osc.gov.on.ca)

Jalil El Moussadek  
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Email: [jelmoussadek@osc.gov.on.ca](mailto:jelmoussadek@osc.gov.on.ca)

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Senior Legal Counsel, Compliance and Registrant Regulation  
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## DESCRIPTION OF OPERATIONS

This notice describes (1) the operations of Bloomberg Tradebook Canada Company (“**Tradebook Canada**”) as an alternative trading system (“**ATS**”) in Ontario, Québec and Nova Scotia (each a “**Canadian Jurisdiction**” and collectively referred to as the “**Canadian Jurisdictions**”), (2) the operations of its affiliated entities, Bloomberg Trading Facility Limited (“**BTFL**”) and Bloomberg Trading Facility B.V. (“**BTF BV**”) as exempt exchanges in Ontario, and (3) the trade negotiation services to be offered to participants by Bloomberg Tradebook LLC (“**Tradebook LLC**”) in the Canadian Jurisdictions, Alberta, British Columbia, Manitoba, New Brunswick and Saskatchewan (collectively, the “**Jurisdictions**”).

### Tradebook Canada ATS Operations

Tradebook Canada will operate an ATS to provide Canadian Participants (as defined below) with access to the multilateral trading facilities (each a “**System**” and collectively referred to as the “**Systems**”) operated by BTFL and BTF BV to trade Canadian dollar denominated debt securities issued by (1) an issuer incorporated, formed or created under the laws of Canada or a jurisdiction of Canada, or (2) the Government of Canada or the government of a jurisdiction of Canada (“**Canadian Debt Securities**”), including:

- (a) debt securities issued or guaranteed by the Government of Canada or the government of a jurisdiction of Canada (including agencies or instrumentalities thereof);
- (b) debt securities issued or guaranteed by a municipal corporation in Canada;
- (c) debt securities issued or guaranteed by Canadian corporate or other non-governmental issuers; and
- (d) asset-backed securities (including mortgage backed securities) and collateralized mortgage obligations issued or guaranteed by a Canadian issuer, denominated in the Canadian dollar.

Tradebook Canada will provide access to Canadian Participants that may include a wide range of sophisticated entities, including commercial and investment banks, corporations, pension funds, money managers, proprietary trading firms, hedge funds and other institutional customers.

Tradebook Canada will provide access to the Systems to participants that (1) are located in a Canadian Jurisdiction, including participants with their headquarters or legal address in a Canadian Jurisdiction (as indicated by a participant’s Legal Entity Identifier (LEI)) and all traders conducting transactions on its behalf, regardless of the traders’ physical location (inclusive of non-Canadian Jurisdiction branches of Canadian Jurisdiction legal entities), as well as any trader physically located in a Canadian Jurisdiction who conducts transactions on behalf of any other entity (“**Canadian Participants**”), and (2) qualify as “institutional customers” as defined in Rule 1 of the Investment Industry Regulatory Organization of Canada (“**IIROC**”) Rules.

Canadian Participants will be required to make representations, when applying to become a participant of Tradebook Canada and each time the Canadian Participant or its authorized traders use the services of Tradebook Canada, that they are (1) registered under the securities laws of a Canadian Jurisdiction, (2) exempt from registration under the securities laws of a Canadian Jurisdiction, or (3) not subject to registration requirements under the securities laws of a Canadian Jurisdiction.

Tradebook Canada will require Canadian Participants to complete all required participant onboarding documentation and agreements, and to provide representations regarding their regulatory status and eligibility to trade Canadian Debt Securities, before they are permitted to access Tradebook Canada and to trade Canadian Debt Securities on the Systems.

Tradebook Canada will rely on a Canadian Participant’s representations to set restrictions on the Canadian Participant’s trading enablements on the Systems. For example, a Canadian Participant that is not an IIROC dealer member and registered investment dealer will not be authorized by Tradebook Canada to trade Canadian Debt Securities with a foreign counterparty.<sup>1</sup> Bloomberg Compliance will conduct post-trade monitoring of Canadian Participant trading activity, and if they determine that a Canadian Participant has engaged in non-compliant trading activity, Tradebook Canada can request BTFL or BTF BV, as applicable, to suspend or terminate the Canadian Participant’s access to the Systems.

Canadian Participants may access Tradebook Canada and transact using the Systems via an approved service provider (Bloomberg Terminal service access is provided this way), via application programming interface (“**API**”), a non-Bloomberg API or venue Direct Portal.

Canadian Participants of Tradebook Canada will be permitted to post and request quotations and execute trades in Canadian Debt Securities using Request for Quote (“**RFQ**”) and Request for Trade (“**RFT**”) protocols or functionalities on the Systems. Under an RFQ protocol, a requesting participant can send to one or more liquidity providers that have pre-established relationships with the requesting participant a message requesting a price quote for transactions in certain securities or financial products. The liquidity provider can respond with a quote, and if the requesting participant accepts the quote, it sends an acceptance message.

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<sup>1</sup> Section 6.2 of National Instrument 21-101 *Marketplace Operation* (“**NI 21-101**”) provides that any registration exemptions that may otherwise be applicable to a dealer under securities legislation are not available to an ATS, except as provided in NI 21-101. A non-registered dealer participant may not rely on section 8.5 of NI 31-103 to trade with another non-registered dealer participant.

Under an RFT protocol, a requesting participant can send to a liquidity provider that has a pre-established relationship with the requesting participant a message requesting execution of a transaction on the terms stated in the message.

A Canadian Participant sending out RFQs and RTFs is considered to be a “client” participant on the Systems, typically an institutional investor acting as the buy-side participant and liquidity seeker in transactions with its counterparty. A Canadian Participant receiving and responding to RFQs and RFTs is considered to be a “dealer” participant on the Systems, typically (but not always) a registered dealer or bank acting as the sell-side participant and liquidity provider in transactions with its counterparty. In certain limited cases, a Systems participant that is a dealer firm may act as a liquidity seeker and send out RFQs and RFTs. However, a Systems participant that is not a dealer firm cannot act as a “dealer” participant and liquidity provider.

Pursuant to the terms and conditions of Tradebook Canada’s registration in the category of investment dealer, Tradebook Canada will report trades executed by the Systems in Canadian Debt Securities to IIROC (as information processor) only with respect to transactions in which neither participant to the trade is (i) a bank listed in Schedule I, II, or III of the *Bank Act* (Canada) (a “**Canadian Bank**”), or (ii) an IIROC Dealer Member firm. Where at least one participant to a transaction is a Canadian Bank or an IIROC Dealer Member, that participant will be responsible for trade reporting pursuant to Part 8 of National Instrument 21-101 *Marketplace Operation*.

### **The Systems’ Direct MTF Operations**

BTFL and BTF BV will also provide Canadian Participants in the Canadian Jurisdictions with direct access to the Systems to trade the following asset classes:

1. interest rate swaps, as defined in section 1a(47) of the U.S. Commodity Exchange Act (“**IRS**”);
2. credit default swaps, as defined in section 1a(47) of the U.S. Commodity Exchange Act (“**CDS**”);
3. foreign exchange swaps, as defined in section 1a(47) of the U.S. Commodity Exchange Act (but without regard to any exclusions from the definition) (“**FX**”); and
4. **Foreign Debt Securities**, which are any debt security (as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“**NI 31-103**”)) that is a foreign security (as defined in NI 31-103) or a debt security that is denominated in a currency other than the Canadian dollar, including:
  - (a) debt securities issued by the U.S. government (including agencies or instrumentalities thereof);
  - (b) debt securities issued by a foreign government;
  - (c) debt securities issued by corporate or other non-governmental issuers (U.S. and foreign); and
  - (d) asset-backed securities (including mortgage backed securities), denominated in either U.S. or foreign currencies.

Canadian Participants of BTFL and BTF BV may include the same types of institutional customers that will be participants of Tradebook Canada. Canadian Participants will be required to make representations, when applying to become a participant of BTFL and BTF BV and each time the Canadian Participant or its authorized traders use the Systems, that they are (i) appropriately registered under Ontario securities laws, or (ii) exempt from, or not subject to, those requirements.

Each of BTFL and BTF BV will require Canadian Participants to complete all required participant onboarding documentation and agreements, and to provide representations regarding their regulatory status and eligibility to trade IRS, CDS, FX and Foreign Debt Securities, before they are permitted to access the Systems.

BTFL and BTF BV rely on a Canadian Participant’s representations to set restrictions on the Canadian Participant’s trading enablements on the Systems. Bloomberg Compliance will conduct post-trade monitoring of Canadian Participant trading activity, and if they determine that a Canadian Participant has engaged in non-compliant trading activity, BTFL or BTF BV Compliance, as applicable, can issue warning letters or suspend or terminate the Canadian Participant’s access to the Systems.

BTFL and BTF BV are seeking exemptions from the exchange recognition requirement in the Canadian Jurisdictions for this purpose. BTFL and BTF BV are seeking the exemptive relief on the basis that they are subject to comparable regulatory regimes in their home jurisdictions. BTFL is regulated as the operator of a multilateral trading facility (“**MTF**”) by the Financial Conduct Authority of the United Kingdom and BTF BV is regulated as the operator of an MTF by the Netherlands Authority for the Financial Markets. In Ontario, BTFL and BTF BV currently operate under an interim exemption order granted by the Ontario Securities Commission.

### **Bloomberg Tradebook LLC Dealer Operations**

Tradebook LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority in the United States that relies on the international dealer exemption under section 8.18 of NI 31-103 in the Jurisdictions, will offer trade negotiation functionality for the following asset classes to Canadian Participants located in one of the Jurisdictions that are “permitted clients” pursuant to the international dealer exemption:

- (a) debt securities that are foreign securities and non-Canadian dollar denominated debt securities;
- (b) repurchase agreements and buy-sell and sell-buy back transactions; and
- (c) equity options.

These functions do not trigger the marketplace definition because Tradebook LLC does not operate a system to match buy and sell orders, provide execution functionality for orders or have a rulebook, and therefore, Tradebook LLC is not regulated as a marketplace.

### **Transparency Regarding Venue Selection**

Prior to launching an RFQ or RFT on the Systems, Canadian Participants are required to select, via a drop-down menu, the System where a transaction will ultimately be executed. For Canadian Debt Securities, the user interface will indicate, in addition to the selected System, that transactions are taking place through access provided by Tradebook Canada.

Canadian Participants of Tradebook Canada have full transparency regarding which System they are transacting on by reference to a trade execution confirmation, which is generated by the relevant System after a trade is executed. Canadian Participants may use the trade execution confirmation to always be aware that Tradebook Canada is providing access to a System and to be aware of which legal entity that is operating the System they are trading on and to which a Canadian Participant would have recourse in the event of a technical issue where the Canadian Participant might seek contractual resolution, where applicable.

### **United States Regulatory Framework for Electronic Platforms Trading Fixed Income Securities**

The SEC issued a concept release in September 2020 that focuses on the regulatory framework for electronic platforms that trade corporate debt and municipal securities. The concept release does not propose or commit the SEC to proposing regulatory changes, but rather requests information from the public about fixed income electronic trading platforms’ operations, services, fees, market data, and participants, and requests views about whether and what changes should be made to the regulatory framework. Public input was due by March 2021, and the SEC noted the information could help regulators evaluate potential regulatory gaps that may exist among platforms with respect to access to markets, system integrity, surveillance, and transparency, among other things.

Please see Appendices A and B below for trade-flow diagrams which clarify how access is provided by Tradebook Canada, the Systems and Tradebook LLC to Canadian Participants and permitted clients, as applicable.

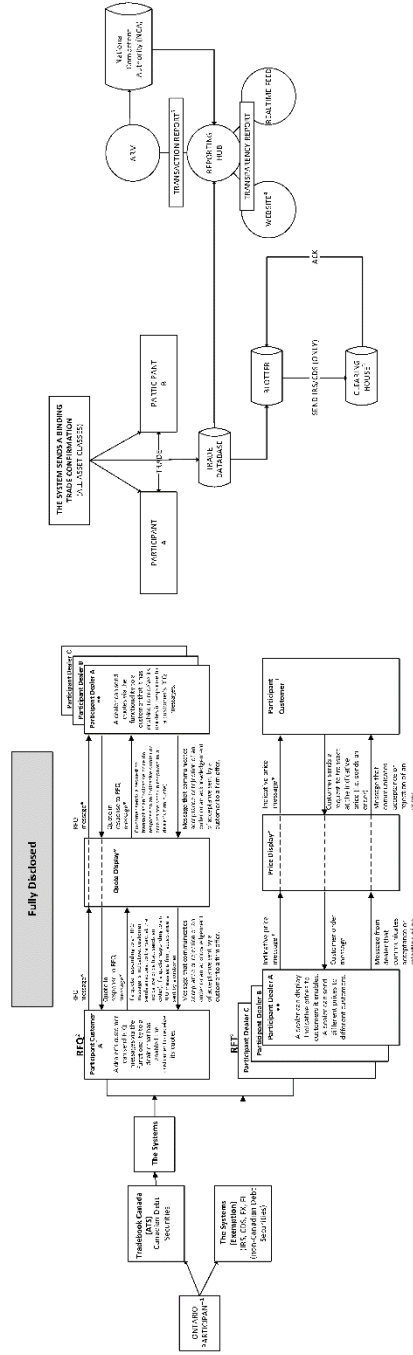
Any questions regarding the operations of Tradebook Canada, the Systems and Tradebook LLC may be directed to:

Soh Bridgeford  
Chief Compliance Officer  
Bloomberg Tradebook Canada Company  
Brookfield Place, TD Canada Trust Tower,  
161 Bay Street  
Toronto, Ontario, Canada M5J 2S1  
Sbridgeford@bloomberg.net

Appendix A

Trade Flow Diagrams for the Systems

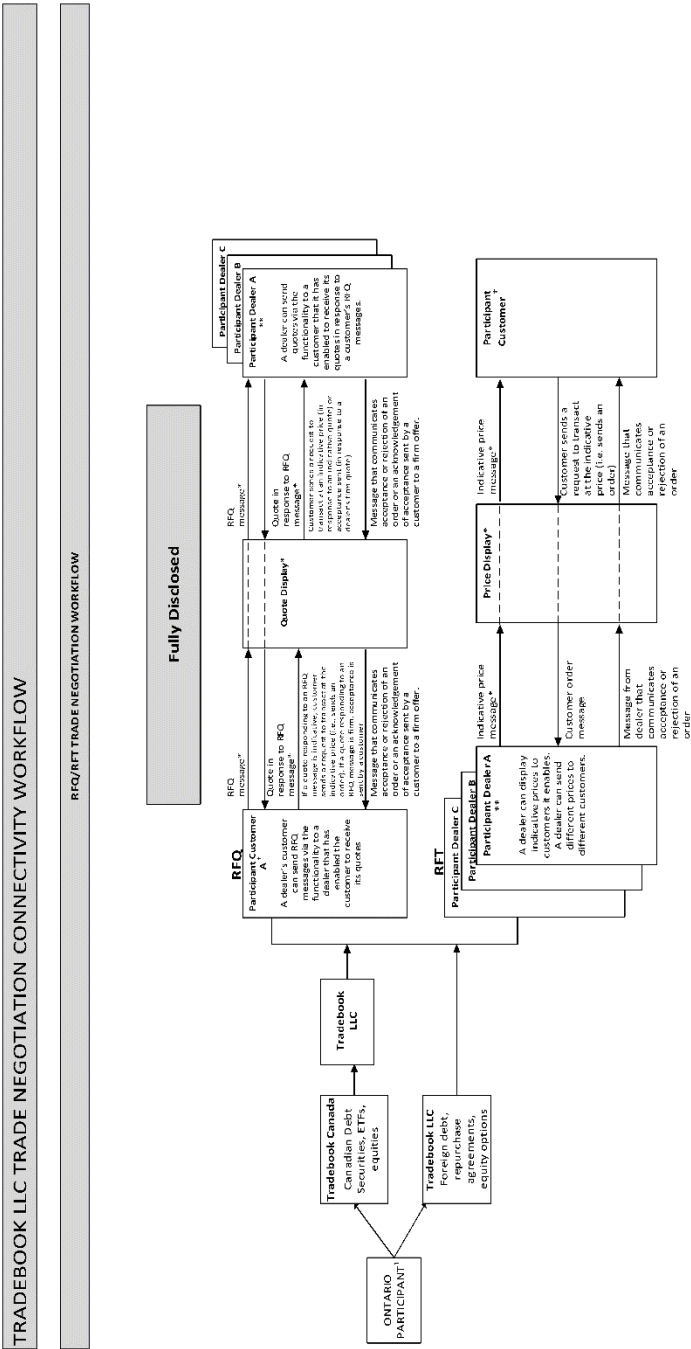
THE SYSTEMS EXECUTION, CLEARING HOUSE CONNECTIVITY AND REPORTING HUB CONNECTIVITY WORKFLOW



<sup>1</sup> Participants may access the Systems via Bloomberg API, Bloomberg Terminal Service or non-Bloomberg API.  
<sup>2</sup> Please see "BMTF Market Annex A – RFQ and RT Functions" in the BMTF Rulebook, which is available at <https://assets.bbva.io/professional/blea/10/BMTF-Rulebook-Effective-1-January-2021.pdf> for a written description of RFQ and RT functionality (which also describes such functionality for BTF).  
<sup>3</sup> Each MTF only submits trades in derivative financial instruments (i.e., IRS and CDS) to clearing houses for clearing. Neither MTF is involved in clearing other than providing connectivity to clearing houses for participants to clear trades. No other asset classes are sent for clearing.  
<sup>4</sup> For BTF/MTF transparency data, please see <https://data.bloomberg.com/transparency>. For BTF/BV/MTF transparency data, please see <https://data.bloomberg.com/>.  
<sup>5</sup> Each MTF is obligated to provide transparency reporting for all asset classes (subject to certain waivers and deferrals). The only other reporting that the MTFs perform is post-trade transaction reporting, and only where an MTF participant itself is not obligated to report to the RCA for the relevant MTF.  
<sup>6</sup> RFQ functionality passes RFQ messages and responses (quotes) between a customer and its dealer, as specified by the dealer and the customer. RT functionality passes price and order messages between a customer and a dealer, as specified by the dealer and the customer.  
<sup>7</sup> A dealer typically has a preexisting contractual relationship with its customer that is legal in force outside of the Systems. BTF/BV/MTF is not a party to or a party to the terms of these contractual relationships.  
<sup>8</sup> Customer can send the same RFQ to 1-unlimited dealers (series by asset class). Customer can view indicative prices from all dealers that enabled the customer on the same screen. Different customers can see different prices, as enablement and prices are controlled by dealers.

Appendix B

Trade Flow Diagram for Tradebook LLC



<sup>1</sup> Participants may access Tradebook LLC via an API or the Bloomberg Terminal service.  
 \* RFQ functionality passes RFQ messages and responses (quotes) between a customer and its dealer, as specified by the dealer and the customer. RFT functionality passes price and order messages between a customer and a dealer, as specified by the dealer and the customer.  
 \*\* A dealer typically has a preexisting contractual relationship with its customer that is legally entered into outside of Tradebook LLC. Tradebook LLC is not privy to or a party to the terms of these contractual relationships.  
 † Customer can send the same RFQ to 1-unlimited dealer(s) (varies by asset class). Customer can view indicative prices from all dealers that enabled the customer on the same screen. Different customers can see different prices, as enablement and prices are controlled by dealers.

IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S. 5, AS AMENDED  
(THE ACT)

AND

IN THE MATTER OF  
BLOOMBERG TRADING FACILITY LIMITED

ORDER  
(Section 147 of the Act)

WHEREAS Bloomberg Trading Facility Limited (**Applicant**) has filed an application dated May 7, 2021 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order for the following relief (collectively, the Requested Relief):

- (a) exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act pursuant to section 147 of the Act; and
- (b) exempting the Applicant from the requirements in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) pursuant to section 15.1(1) of NI 21-101, the requirements of National Instrument 23-101 *Trading Rules* (**NI 23-101**) pursuant to section 12.1 of NI 23-101 and the requirements of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (**NI 23-103**) pursuant to section 10 of NI 23-103;

AND WHEREAS on December 22, 2017, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) January 3, 2019 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on December 14, 2018, the Commission issued an order (**First Variation Order**) under section 144 of the Act varying the Interim Order so that it terminated on the earlier of (i) July 3, 2019 and (ii) the effective date of a Subsequent Order;

AND WHEREAS on June 27, 2019, the Commission issued a further order (**Second Variation Order**) under section 144 of the Act varying the Interim Order so that it terminated on the earlier of (i) December 31, 2019 and (ii) the effective date of a Subsequent Order;

AND WHEREAS on December 13, 2019, the Commission issued a further order (**Third Variation Order**) under section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) December 31, 2020 and (ii) the effective date of a Subsequent Order;

AND WHEREAS pursuant to the terms of a settlement agreement approved by the Commission on December 18, 2020 (the **Settlement Agreement**):

- (a) the Applicant admitted that it breached Ontario securities laws by, among other things failing to prevent, or otherwise permitting, trading in fixed income securities by Ontario participants in contravention of the terms of the Interim Order and subsequent variations of the Interim Order, and (ii) the Applicant's affiliate, Bloomberg Trading Facility B.V. (**BTF BV**), admitted that it breached Ontario securities laws by, among other things failing to prevent, or otherwise permitting, trading by Ontario participants without being recognized as an exchange by the Commission or obtaining an exemption from the requirement to be recognized;
- (b) each of the Applicant and BTF BV was required to file a full application for subsequent decisions to allow for the trading of swaps and fixed income securities by January 31, 2021 (the **Subsequent Decisions**);

AND WHEREAS on December 18, 2020, the Commission issued a further order (**Restated Interim Order**) under sections 144 and 147 of the Act revoking and restating the Interim Order as follows:

- (a) to include BTF BV in the scope of the Restated Interim Order to exempt the Applicant and BTF BV on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange;
- (b) to allow for the trading of swaps as defined in section 1a(47) of the United States Commodity Exchange Act as amended (but without regard to any exclusions from the definition) and fixed income securities;
- (c) to extend the termination date of the Restated Interim Order so that it terminates on the earlier of (i) June 30, 2021 and (ii) the effective date of the Subsequent Decisions in respect of the Applicant or BTF BV, as the case may be;



AND WHEREAS the Restated Interim Order will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant is a limited company organized under the laws of England and Wales, and is a wholly owned direct and indirect subsidiary of Bloomberg L.P., a Delaware limited partnership;
2. On July 23, 2015, the U.K. Financial Conduct Authority (the **FCA** or **Foreign Regulator**), a financial regulatory body in the United Kingdom (**U.K.**), authorized the Applicant to act as the operator of a multilateral trading facility (**MTF**) for interest rate swaps and credit default swaps under Part 4A of the U.K. *Financial Services and Markets Act 2000*. On June 10, 2016, the FCA granted the Applicant a Variation of Permission that expanded the Applicant's authorization to additional financial instruments;
3. The Applicant operates a marketplace for trading over-the-counter (**OTC**) derivative instruments and certain securities (the **MTF Instruments**). The Applicant's MTF supports request-for-quote and request-for-trade functionality for interest rate swaps, credit default swaps, government and corporate bonds and similar fixed-income instruments, foreign exchange derivatives (e.g., foreign exchange forwards, non-deliverable forwards and options), securities financing transactions (including repurchase transactions, buy-sell and sell-buy back transactions), exchange-traded funds, equity swaps and OTC equity options. The Applicant may add other types of financial instruments in the future, subject to obtaining required regulatory approvals;
4. Pursuant to a marketplace conduit arrangement with the Applicant's Canadian alternative trading system affiliate, Bloomberg Tradebook Canada Company (**Tradebook Canada**), the Applicant also provides transaction execution services for debt securities issued by (i) an issuer incorporated, formed or created under the laws of Canada or a jurisdiction of Canada, or (ii) the Government of Canada or the government of a jurisdiction of Canada, including:
  - (a) debt securities issued or guaranteed by the Government of Canada or the government of a jurisdiction of Canada (including agencies or instrumentalities thereof);
  - (b) debt securities issued or guaranteed by a municipal corporation in Canada;
  - (c) debt securities issued or guaranteed by Canadian corporate or other non-governmental issuers; and
  - (d) asset-backed securities (including mortgage backed securities) and collateralized mortgage obligations issued or guaranteed by a Canadian issuer, denominated in the Canadian dollar;
5. The Applicant is subject to regulatory supervision by the FCA and is required to comply with the FCA's Handbook, which includes, among other things, rules on (i) the conduct of business (including rules regarding client categorization, communication with clients and other investor protections and client agreements), (ii) market conduct (including rules applicable to firms operating an MTF), and (iii) systems and controls (including rules on outsourcing, governance, record-keeping and conflicts of interest). The FCA requires the Applicant to comply at all times with a set of threshold conditions for authorization, including requirements that the Applicant is "fit and proper" to be authorized and that it has appropriate resources for the activities it carries on. The Applicant is subject to prudential regulation, including minimum regulatory capital requirements, and is capitalized in excess of regulatory requirements. The Applicant is required to maintain a permanent and effective compliance function, which is headed by the Applicant's Chief Compliance Officer, an FCA-approved person. The Applicant's Compliance Department is responsible for implementing and maintaining adequate policies and procedures designed to ensure that the Applicant (and all of its employees) comply with their obligations under the FCA rules;
6. An MTF is obliged under FCA rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and report to the FCA (a) significant breaches of MTF rules, (b) disorderly trading conditions, and (c) conduct that may involve market abuse. The Applicant may also notify the FCA when a participant's access is terminated, and may notify the FCA when a participant is temporarily suspended or subject to condition(s). As required by FCA rules, the Applicant has implemented a trade surveillance program. As part of the program, the Applicant's Compliance Department conducts real-time market monitoring of trading activity on the Applicant's MTF to identify disorderly trading and market abuse or anomalies. The trade surveillance program is designed to maintain a fair and orderly market for the Applicant's MTF participants;
7. The Applicant's MTF is available to participants via an approved service provider (Bloomberg Terminal access is provided this way), via application programming interface (**API**), a non-Bloomberg API or venue Direct Portal. The Applicant currently charges trading and access fees to participants which are publicly disclosed;

8. An MTF must submit all trades that are required to be cleared to a clearing house for clearing. The Applicant provides direct connectivity to the following clearing houses for clearing interest rate swaps: LCH Limited (formerly known as LCH.Clearnet Ltd.) and Eurex Clearing AG, each of which is recognized or has obtained an exemption from recognition as a clearing agency in Ontario. The Applicant provides direct connectivity to the following clearing houses for credit default swaps: ICE Clear Credit LLC, ICE Clear Europe Limited and LCH SA. ICE Clear Credit LLC and LCH SA have each obtained an exemption from recognition as a clearing agency in Ontario. ICE Clear Europe Limited is not recognized and has not obtained an exemption from recognition as a clearing agency in Ontario. Accordingly, ICE Clear Europe Limited is not authorized to provide clearing services for credit default swaps directly to Ontario Users (as defined below);
9. The Applicant requires that its participants be “professional clients,” as defined by the FCA in the FCA’s Conduct of Business Sourcebook, Chapter 3 “Client categorisation” (**Professional Clients**) and as set forth in Appendix II of this Application and be either (i) authorised as a credit institution with a license in an EEA country or as an EEA investment firm, or (ii) an entity that has satisfied and will continue to satisfy the Applicant that it is fit and proper to become a participant, with adequate organizational arrangements in place and a sufficient level of trading ability and competence. Each prospective participant must: comply and ensure that its authorized traders comply, and, in each case, continue to comply, with the Applicant’s MTF Rulebook and applicable law; have the legal capacity to trade in the MTF Instruments it selects to trade on the Applicant’s MTF; have appropriate systems and arrangements for the orderly clearance and/or settlement, as applicable, of transactions in all MTF Instruments it selects to trade on the Applicant’s MTF; have all registrations, authorizations, approvals and/or consents required by applicable law in connection with trading in MTF Instruments on the Applicant’s MTF; have adequate experience, knowledge and competence to transact in the MTF Instruments; and not be a natural person, independent software provider, trading venue or unregulated organized trading platform or system;
10. All participants that are located in Ontario, including participants with their headquarters or legal address in Ontario (e.g., as indicated by a participant’s Legal Entity Identifier (LEI)) and all traders conducting transactions on its behalf, regardless of the traders’ physical location (inclusive of non-Ontario branches of Ontario legal entities), as well as any trader physically located in Ontario who conducts transactions on behalf of any other entity (**Ontario Users**) are required to sign a user acknowledgment representing that they meet the criteria set forth in the user acknowledgment, including that they are appropriately registered under Ontario securities laws, exempt from registration or not subject to registration requirements. The user acknowledgment requires an Ontario User to make an ongoing representation each time it uses the Applicant’s MTF that it continues to meet the criteria set forth in the user acknowledgment. An Ontario User is required to immediately notify the Applicant if it ceases to meet any of the above criteria represented by it on an ongoing basis;
11. Because the Applicant’s MTF sets requirements for the conduct of its participants and surveils the trading activity of its participants, it is considered by the Commission to be an exchange;
12. Because the Applicant has participants that are Ontario Users, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;
13. The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Restated Interim Order; and
14. The Applicant satisfies the exemption criteria as described in Appendix I to Schedule “A”;

AND WHEREAS the products traded on the Applicant’s MTF are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant’s activities on an ongoing basis to determine whether it is appropriate for the Requested Relief to continue to be granted subject to the terms and conditions set out in Schedule “A” to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Requested Relief and the terms and conditions imposed by the Commission set out in Schedule “A” to this order may change as a result of the Commission’s monitoring of developments in international and domestic capital markets or the Applicant’s activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgments of the Applicant to the Commission, the Commission has determined that the Applicant satisfies the criteria set out in Appendix I to Schedule “A” and that the granting of the Requested Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, (i) pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act, and (ii) pursuant to sections 15.1(1) of NI 21-101, 12.1 of NI 23-101 and 10 of NI 23-103, the Applicant is exempt from the requirements in NI 21-101, NI 23-101 and NI 23-103,

**PROVIDED THAT** the Applicant complies with the terms and conditions contained in Schedule "A".

DATED ●

**SCHEDULE "A"**

**TERMS AND CONDITIONS**

**Meeting Criteria for Exemption**

1. The Applicant will continue to meet the criteria for exemption included in Appendix I to this Schedule.

**Regulation and Oversight of the Applicant**

2. The Applicant will maintain its registration as a multilateral trading facility (**MTF**) with the U.K. Financial Conduct Authority (**FCA**) and will continue to be subject to the regulatory oversight of the FCA.
3. The Applicant will continue to comply with the ongoing requirements applicable to it as an MTF registered with the FCA.
4. The Applicant will promptly notify the Commission if its registration as an MTF has been revoked, suspended, or amended by the FCA, or the basis on which its registration as an MTF has been granted has significantly changed.
5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

**Access**

6. The Applicant will not provide direct access to a participant in Ontario including a participant with its headquarters or legal address in Ontario (e.g., as indicated by a participant's Legal Entity Identifier (LEI)) and all traders conducting transactions on its behalf, regardless of the traders' physical location (inclusive of non-Ontario branches of Ontario legal entities), as well as any trader physically located in Ontario who conducts transactions on behalf of any other entity (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as a "professional client", as defined by the FCA in the FCA's Conduct of Business Sourcebook, Chapter 3 "Client Categorisation."
7. For each Ontario User provided direct access to its MTF, the Applicant will require, as part of its application documentation or continued access to the MTF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.
8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote or otherwise uses the Applicant's MTF.
9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant's MTF if the Ontario User is no longer appropriately registered or exempt from those requirements.

**Trading by Ontario Users**

10. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the United States *Commodity Exchange Act* as amended (but without regard to any exclusions from the definition) or debt securities, as defined in subsection 1(1) of the Act, without prior Commission approval.
11. With respect to debt securities:
  - (a) the Applicant will only permit Ontario Users to trade a debt security that is a foreign security or a debt security that is denominated in a currency other than the Canadian dollar as such terms are defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, including:
    - (i) debt securities issued by the United States (**U.S.**) government (including agencies or instrumentalities thereof);
    - (ii) debt securities issued by a foreign government;
    - (iii) debt securities issued by corporate or other non-governmental issuers (U.S. and foreign); and

- (iv) asset-backed securities (including mortgage backed securities), denominated in either U.S. or foreign currencies; and
  - (b) the Applicant will only provide transaction execution services in accordance with the terms and conditions of Bloomberg Tradebook Canada Company's registration as an alternative trading system in Ontario with respect to a debt security that is a Canadian security or a debt security of a Canadian issuer that is denominated in the Canadian dollar, including:
    - (i) debt securities issued or guaranteed by the Government of Canada or the government of a jurisdiction of Canada (including agencies or instrumentalities thereof);
    - (ii) debt securities issued or guaranteed by a municipal corporation in Canada;
    - (iii) debt securities issued or guaranteed by Canadian corporate or other non-governmental issuers; and
    - (iv) asset-backed securities (including mortgage backed securities) and collateralized mortgage obligations issued or guaranteed by a Canadian issuer, denominated in the Canadian dollar.
12. The Applicant will only permit Ontario Users to trade those securities which are permitted to be traded in the U.K. under applicable securities laws and regulations.

**Submission to Jurisdiction and Agent for Service**

13. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.
14. The Applicant will maintain with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

**Prompt Reporting**

15. The Applicant will notify staff of the Commission promptly of:
- (a) any authorization to carry on business granted by the FCA is revoked or suspended or made subject to terms or conditions on the Applicant's operations;
  - (b) the Applicant institutes a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it;
  - (c) a receiver is appointed for the Applicant or the Applicant makes any voluntary arrangement with creditors;
  - (d) the Applicant marketplace is not in compliance with this Order or with any applicable requirements, laws or regulations of the FCA where it is required to report such non-compliance to the FCA;
  - (e) any known investigations of, or disciplinary action against, the Applicant by the FCA or any other regulatory authority to which it is subject; and
  - (f) the Applicant makes any material change to the eligibility criteria for Ontario Users.

**Semi-Annual Reporting**

16. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a semi-annual basis (by July 31 for the first half of the calendar year and by January 31 of the follow year for the second half), and at any time promptly upon the request of staff of the Commission:
- (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading on the Applicant's MTF as customers of participants (**Other Ontario Participants**);
  - (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

- (c) a list of all Ontario Users whom the Applicant has referred to the FCA, or, to the best of the Applicant's knowledge, whom have been disciplined by the FCA with respect to such Ontario Users' activities on the Applicant's MTF and the aggregate number of all participants referred to the FCA since the previous report by the Applicant;
- (d) a list of all active investigations since the last report by the Applicant relating to Ontario Users and the aggregate number of active investigations since the last report relating to all participants undertaken by the Applicant;
- (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant since the last report, together with the reasons for each such denial; and
- (f) for each product,
  - (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and
  - (ii) the proportion of worldwide trading volume and value on the Applicant's MTF conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

provided in the required format.

**Information Sharing**

17. The Applicant will provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

## APPENDIX I

### CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

#### PART 1 REGULATION OF THE EXCHANGE

##### 1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

##### 1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

#### PART 2 GOVERNANCE

##### 2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

- (a) effective oversight of the exchange,
- (b) that business and regulatory decisions are in keeping with its public interest mandate,
- (c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:
  - (i) appropriate representation of independent directors, and
  - (ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,
- (d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and
- (e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

##### 2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

#### PART 3 REGULATION OF PRODUCTS

##### 3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

##### 3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

##### 3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

## PART 4 ACCESS

### 4.1 Fair Access

- (a) The exchange has established appropriate written standards for access to its services including requirements to ensure
  - (i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,
  - (ii) the competence, integrity and authority of systems users, and
  - (iii) systems users are adequately supervised.
- (b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.
- (c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.
- (d) The exchange does not
  - (i) permit unreasonable discrimination among participants, or
  - (ii) impose any burden on competition that is not reasonably necessary and appropriate.
- (e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

## PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

### 5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

## PART 6 RULEMAKING

### 6.1 Purpose of Rules

- (a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.
- (b) The Rules are not contrary to the public interest and are designed to
  - (i) ensure compliance with applicable legislation,
  - (ii) prevent fraudulent and manipulative acts and practices,
  - (iii) promote just and equitable principles of trade,
  - (iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,
  - (v) provide a framework for disciplinary and enforcement actions, and
  - (vi) ensure a fair and orderly market.

## PART 7 DUE PROCESS

### 7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:



- (a) parties are given an opportunity to be heard or make representations, and
- (b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

## **PART 8 CLEARING AND SETTLEMENT**

### **8.1 Clearing Arrangements**

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.

### **8.2 Risk Management of Clearing House**

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

## **PART 9 SYSTEMS AND TECHNOLOGY**

### **9.1 Systems and Technology**

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

- (a) order entry,
- (b) order routing,
- (c) execution,
- (d) trade reporting,
- (e) trade comparison,
- (f) data feeds,
- (g) market surveillance,
- (h) trade clearing, and
- (i) financial reporting.

### **9.2 System Capability/Scalability**

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

- (a) makes reasonable current and future capacity estimates;
- (b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;
- (c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;
- (d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;
- (e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;
- (f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

- (g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

### **9.3 Information Technology Risk Management Procedures**

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

## **PART 10 FINANCIAL VIABILITY**

### **10.1 Financial Viability**

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

## **PART 11 TRADING PRACTICES**

### **11.1 Trading Practices**

Trading practices are fair, properly supervised and not contrary to the public interest.

### **11.2 Orders**

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

### **11.3 Transparency**

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

## **PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT**

### **12.1 Jurisdiction**

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

### **12.2 Member and Market Regulation**

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

### **12.3 Availability of Information to Regulators**

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

## **PART 13 RECORD KEEPING**

### **13.1 Record Keeping**

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

## **PART 14 OUTSOURCING**

### **14.1 Outsourcing**

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

## **PART 15 FEES**

### **15.1 Fees**

- (a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.
- (b) The process for setting fees is fair and appropriate, and the fee model is transparent.

## **PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS**

### **16.1 Information Sharing and Regulatory Cooperation**

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

### **16.2 Oversight Arrangements**

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

## **PART 17 IOSCO PRINCIPLES**

### **17.1 IOSCO Principles**

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (IOSCO) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

## APPENDIX II

### DEFINITION OF PROFESSIONAL CLIENTS

This Appendix II provides the definition of a “Professional Client,” as defined by the FCA in the FCA’s Conduct of Business Sourcebook, Chapter 3 “Client categorisation.”

#### 3.5 Professional clients

3.5.1 A *professional client* is a *client* that is either a *per se professional client* or an *elective professional client*.

[Note: article 4(1)(11) of *MiFID*]

#### Per se professional clients

3.5.2 Each of the following is a *per se professional client* unless and to the extent it is an *eligible counterparty* or is given a different categorisation under this chapter:

- (1) an entity required to be authorised or regulated to operate in the financial markets. The following list includes all authorised entities carrying out the characteristic activities of the entities mentioned, whether authorised by an *EEA State* or a third country and whether or not authorised by reference to a directive:
  - (a) a *credit institution*;
  - (b) an *investment firm*;
  - (c) any other authorised or regulated financial institution;
  - (d) an insurance company;
  - (e) a collective investment scheme or the management company of such a scheme;
  - (f) a pension fund or the management company of a pension fund;
  - (g) a commodity or commodity derivatives dealer;
  - (h) a local;
  - (i) any other institutional investor;
- (2) in relation to *MiFID* or *equivalent third country business* a large undertaking meeting two of the following size requirements on a company basis:
  - (a) balance sheet total of EUR 20,000,000;
  - (b) net turnover of EUR 40,000,000;
  - (c) own funds of EUR 2,000,000;
- (3) in relation to business that is not *MiFID* or *equivalent third country business* a large undertaking meeting any of the following conditions:
  - (a) a *body corporate* (including a *limited liability partnership*) which has (or any of whose *holding companies* or *subsidiaries* has) (or has had at any time during the previous two years) called up share capital or net assets of at least £5 million (or its equivalent in any other currency at the relevant time);
  - (b) an undertaking that meets (or any of whose *holding companies* or *subsidiaries* meets) two of the following tests:
    - (i) a balance sheet total of EUR 12,500,000;
    - (ii) a net turnover of EUR 25,000,000;
    - (iii) an average number of employees during the year of 250;

- (c) a *partnership* or unincorporated association which has (or has had at any time during the previous two years) net assets of at least £5 million (or its equivalent in any other currency at the relevant time) and calculated in the case of a limited *partnership* without deducting loans owing to any of the *partners*;
- (d) a trustee of a trust (other than an *occupational pension scheme*, *SSAS*, *personal pension scheme* or *stakeholder pension scheme*) which has (or has had at any time during the previous two years) assets of at least £10 million (or its equivalent in any other currency at the relevant time) calculated by aggregating the value of the cash and *designated investments* forming part of the trust's assets, but before deducting its liabilities;
- (e) a trustee of an *occupational pension scheme* or *SSAS*, or a trustee or *operator* of a *personal pension scheme* or *stakeholder pension scheme* where the scheme has (or has had at any time during the previous two years):
  - (i) at least 50 members; and
  - (ii) assets under management of at least £10 million (or its equivalent in any other currency at the relevant time);
- (f) a local authority or public authority.
- (4) a national or regional government, a public body that manages public debt, a central bank, an international or supranational institution (such as the World Bank, the IMF, the ECP, the EIB) or another similar international organisation;
- (5) another institutional investor whose main activity is to invest in *financial instruments* (in relation to the *firm's MiFID* or *equivalent third country business*) or *designated investments* (in relation to the *firm's* other business). This includes entities dedicated to the securitisation of assets or other financing transactions.

[Note: first paragraph of section I of annex II to MiFID]

3.5.2A In relation to MiFID or *equivalent third country business* a local authority or a public authority is not likely to be a regional government for the purposes of ■ COBS 3.5.2 R (4). In the FCA's opinion, a local authority may be a *per se professional client* for those purposes if it meets the test for large undertakings in ■ COBS 3.5.2 R (2).

### Elective professional clients

3.5.3 A *firm* may treat a client as an *elective professional client* if it complies with (1) and (3) and, where applicable, (2):

- (1) the *firm* undertakes an adequate assessment of the expertise, experience and knowledge of the *client* that gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the *client* is capable of making his own investment decisions and understanding the risks involved (the "qualitative test");
- (2) in relation to *MiFID* or *equivalent third country business* in the course of that assessment, at least two of the following criteria are satisfied:
  - (a) the *client* has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
  - (b) the size of the *client's financial instrument* portfolio, defined as including cash deposits and *financial instruments*, exceeds EUR 500,000;
  - (c) the *client* works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged;  
  
(the "quantitative test"); and
- (3) the following procedure is followed:
  - (a) the *client* must state in writing to the *firm* that it wishes to be treated as a *professional client* either generally or in respect of a particular service or transaction or type of transaction or product;
  - (b) the *firm* must give the *client* a clear written warning of the protections and investor compensation rights the *client* may lose; and

- (c) the *client* must state in writing, in a separate document from the contract, that it is aware of the consequences of losing such protections.

[Note: first, second, third and fifth paragraphs of section II.1 and first paragraph of section II.2 of annex II to *MiFID*]

3.5.4 If the *client* is an entity, the qualitative test should be performed in relation to the person authorised to carry out transactions on its behalf.

[Note: fourth paragraph of section II.1 of annex II to *MiFID*]

3.5.5 The fitness test applied to managers and directors of entities licensed under directives in the financial field is an example of the assessment of expertise and knowledge involved in the qualitative test.

[Note: fourth paragraph of section II.1 of annex II to *MiFID*]

3.5.6 Before deciding to accept a request for re-categorisation as an *elective professional client* a *firm* must take all reasonable steps to ensure that the *client* requesting to be treated as an *elective professional client* satisfies the qualitative test and, where applicable, the quantitative test.

[Note: second paragraph of section II.2 of annex II to *MiFID*]

3.5.7 An *elective professional client* should not be presumed to possess market knowledge and experience comparable to a *per se professional client*

[Note: second paragraph of section II.1 of annex II to *MiFID*]

3.5.8 *Professional client* are responsible for keeping the *firm* informed about any change that could affect their current categorisation.

[Note: fourth paragraph of section II.2 of annex II to *MiFID*]

3.5.9 (1) If a *firm* becomes aware that a *client* no longer fulfils the initial conditions that made it eligible for categorisation as an *elective professional client*, the *firm* must take the appropriate action.

(2) Where the appropriate action involves re-categorising that client as a *retail client*, the *firm* must notify that *client* of its new categorisation.

[Note: fourth paragraph of section II.2 of annex II to *MiFID* and article 28(1) of the *MiFID implementing Directive*]

IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S. 5, AS AMENDED  
(THE ACT)

AND

IN THE MATTER OF  
BLOOMBERG TRADING FACILITY B.V.

ORDER  
(Section 147 of the Act)

WHEREAS Bloomberg Trading Facility B.V. (**Applicant**) has filed an application dated May 7, 2021 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order for the following relief (collectively, the **Requested Relief**):

- (a) exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act pursuant to section 147 of the Act; and
- (b) exempting the Applicant from the requirements in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) pursuant to section 15.1(1) of NI 21-101, the requirements of National Instrument 23-101 *Trading Rules* (**NI 23-101**) pursuant to section 12.1 of NI 23-101 and the requirements of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (**NI 23-103**) pursuant to section 10 of NI 23-103;

AND WHEREAS pursuant to the terms of a settlement agreement approved by the Commission on December 18, 2020 (the **Settlement Agreement**):

- (a) the Applicant admitted that it breached Ontario securities laws by, among other things failing to prevent, or otherwise permitting, trading by Ontario participants without being recognized as an exchange by the Commission or obtaining an exemption from the requirement to be recognized, and (ii) the Applicant's affiliate, Bloomberg Trading Facility Limited (**BTFL**), admitted that it breached Ontario securities laws by, among other things failing to prevent, or otherwise permitting, trading in fixed income securities by Ontario participants in contravention of the terms of the interim order issued by the Commission on December 22, 2017 (**Interim Order**) and subsequent variations of the Interim Order;
- (b) each of the Applicant and BTFL was required to file a full application for subsequent decisions to allow for the trading of swaps and fixed income securities by January 31, 2021 (the **Subsequent Decisions**);

AND WHEREAS on December 18, 2020, the Commission issued a further order (**Restated Interim Order**) under sections 144 and 147 of the Act revoking and restating the Interim Order as follows:

- (a) to include the Applicant in the scope of the Restated Interim Order to exempt the Applicant and BTFL on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange;
- (b) to allow for the trading of swaps as defined in section 1a(47) of the United States Commodity Exchange Act as amended (but without regard to any exclusions from the definition) and fixed income securities;
- (c) to extend the termination date of the Restated Interim Order so that it terminates on the earlier of (i) June 30, 2021 and (ii) the effective date of the Subsequent Decisions in respect of the Applicant or BTFL, as the case may be;

AND WHEREAS the Restated Interim Order will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant is a private limited company incorporated under the laws of the Netherlands, and is a wholly owned direct and indirect subsidiary of Bloomberg L.P., a Delaware limited partnership;
2. The Applicant is regulated and authorized by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) (the **AFM** or **Foreign Regulator**) as an investment firm with permission to operate a multilateral trading facility (**MTF**);
3. On January 15, 2019, the AFM authorized the Applicant to act as the operator of its MTF (**BTFE**) in the Netherlands and has commenced supervising the Applicant on an ongoing, active basis;
4. The Markets in Financial Instruments Directive 2014/65/EU of the European Parliament and of the Council (**MiFID II**) requires that multilateral trading by European Union (**EU**)/European Economic Area (**EEA**)

participants takes place on a trading venue (i.e., a “regulated market”, a “multilateral trading facility” or an “organized trading facility”, as those terms are defined under MiFID II). The United Kingdom (**UK**) officially exited the European Union on January 31, 2020 (**Brexit**), with a transition period that ended December 31, 2020. Post-Brexit, the Applicant has experienced significant demand from clients based in the EEA to trade on BTFE as an EU-regulated trading venue. In parallel, the Applicant’s affiliate, Bloomberg Trading Facility Limited (**BTFL**), continues to operate its UK-regulated trading venue, BMTF. BTFL’s UK clients and clients based in non-EEA jurisdictions have continued to trade on BMTF post-Brexit, and many have sought to become clients of BTFE as well in order to continue accessing EEA liquidity. Without the Requested Relief, participants of BMTF in Ontario are precluded from trading with EU/EEA participants post-Brexit on BTFE;

5. The Applicant operates a marketplace for trading over-the-counter (**OTC**) derivative instruments and certain securities (the **MTF Instruments**). BTFE supports request-for-quote and request-for-trade functionality for interest rate swaps, credit default swaps, government and corporate bonds and similar fixed-income instruments, foreign exchange derivatives (e.g., foreign exchange forwards, non-deliverable forwards and options), securities financing transactions (including repurchase transactions, buy-sell and sell-buy back transactions), exchange-traded funds and OTC equity options. The Applicant may add other types of financial instruments in the future, subject to obtaining required regulatory approvals;
6. Pursuant to a marketplace conduit arrangement with the Applicant’s Canadian alternative trading system affiliate, Bloomberg Tradebook Canada Company (**Tradebook Canada**), the Applicant also provides transaction execution services for debt securities issued by (i) an issuer incorporated, formed or created under the laws of Canada or a jurisdiction of Canada, or (ii) the Government of Canada or the government of a jurisdiction of Canada, including:
  - (a) debt securities issued or guaranteed by the Government of Canada or the government of a jurisdiction of Canada (including agencies or instrumentalities thereof);
  - (b) debt securities issued or guaranteed by a municipal corporation in Canada;
  - (c) debt securities issued or guaranteed by Canadian corporate or other non-governmental issuers; and
  - (d) asset-backed securities (including mortgage backed securities) and collateralized mortgage obligations issued or guaranteed by a Canadian issuer, denominated in the Canadian dollar;
7. The Applicant is subject to regulatory supervision by the AFM and is required to comply with the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*, **Wft**), MiFID II, the Markets in Financial Instruments Regulation, the rules pertaining to this legislation and the applicable guidance from the AFM and De Nederlandsche Bank (the **Applicable Rules**), which include, among other things, rules on (i) the conduct of business (including rules regarding client categorization, communication with clients and other investor protections and client agreements), (ii) market conduct (including rules applicable to firms operating an MTF), and (iii) systems and controls (including rules on outsourcing, governance, record-keeping and conflicts of interest). The AFM requires the Applicant to comply at all times with a set of threshold conditions for authorization and ongoing requirements, including requirements that the Applicant has sound business and controlled business operations and that it has appropriate resources for the activities it carries on. The Applicant is subject to prudential regulation, including minimum regulatory capital requirements, and is capitalized in excess of regulatory requirements. The Applicant is required to maintain a permanent and effective compliance function, which is covered by the Applicant’s Compliance Officer. The Applicant’s Compliance Department is responsible for implementing and maintaining adequate policies and procedures designed to ensure that the Applicant, its officers and all its employees comply with their obligations under the Applicable Rules;
8. An MTF is obliged under AFM rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and report to the AFM (i) significant breaches of the rules in the BTFE Rulebook, (ii) disorderly trading conditions, and (iii) conduct that may involve market abuse. The Applicant will also notify the AFM when a participant’s access is terminated, and may notify the AFM when a participant is temporarily suspended or subject to condition(s). As required by the Applicable Rules, the Applicant has implemented a trade surveillance program. As part of the program, the Applicant’s Compliance Department conducts real-time market monitoring of trading activity on BTFE to identify disorderly trading and market abuse or anomalies. The trade surveillance program is designed to maintain a fair and orderly market for BTFE participants;
9. BTFE is available to participants via an approved service provider (Bloomberg Terminal access is provided this way), via application programming interface (**API**), a non-Bloomberg API or venue Direct Portal. The Applicant currently charges trading and access fees to participants which are publicly disclosed;
10. An MTF must submit all trades that are required to be cleared to a clearing house for clearing. The Applicant provides direct connectivity to the following clearing houses for clearing interest rate swaps: LCH Limited (formerly known as LCH.Clearnet Ltd.) and Eurex Clearing AG. LCH Limited is recognized as a clearing agency



in Ontario and Eurex Clearing AG has obtained an exemption from recognition as a clearing agency in Ontario. The Applicant provides direct connectivity to the following clearing houses for credit default swaps: ICE Clear Credit LLC, ICE Clear Europe Limited and LCH SA. ICE Clear Credit LLC and LCH SA have each obtained an exemption from recognition as a clearing agency in Ontario. ICE Clear Europe Limited is not recognized and has not obtained an exemption from recognition as a clearing agency in Ontario. Accordingly, ICE Clear Europe Limited is not authorized to provide clearing services for credit default swaps directly to Ontario Users (as defined below);

11. The Applicant requires that its participants be “professional investors,” as defined in article 1:1 of the Wft. Each prospective participant must: comply and ensure that its authorized traders comply, and, in each case, continue to comply, with the BTFE Rulebook and applicable law; have the legal capacity to trade in the MTF Instruments it selects to trade on BTFE; have appropriate systems and arrangements for the orderly clearance and/or settlement, as applicable, of transactions in all MTF Instruments it selects to trade on BTFE; have all registrations, authorizations, approvals and/or consents required by applicable law in connection with trading in MTF Instruments on BTFE; have adequate experience, knowledge and competence to transact in the MTF Instruments; have and shall maintain a valid LEI compliant with the ISO 17442 standard and included in the Global LEI database maintained by the Central Operating Unit appointed by the LEI Regulatory Oversight Committee; and not be a natural person, independent software provider, trading venue or unregulated organized trading platform or system;
12. All participants that are located in Ontario, including participants with their headquarters or legal address in Ontario (e.g., as indicated by a participant’s Legal Entity Identifier (LEI)) and all traders conducting transactions on its behalf, regardless of the traders’ physical location (inclusive of non-Ontario branches of Ontario legal entities), as well as any trader physically located in Ontario who conducts transactions on behalf of any other entity (**Ontario Users**), are required to sign a user acknowledgment representing that they meet the criteria set forth in the user acknowledgment, including that they are appropriately registered under Ontario securities laws, exempt from registration or not subject to registration requirements. The user acknowledgment requires an Ontario User to make an ongoing representation each time it uses BTFE that it continues to meet the criteria set forth in the user acknowledgment. An Ontario User is required to immediately notify the Applicant if it ceases to meet any of the above criteria represented by it on an ongoing basis;
13. Because BTFE sets requirements for the conduct of its participants and surveils the trading activity of its participants, it is considered by the Commission to be an exchange;
14. Because the Applicant has participants that are Ontario Users, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;
15. The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Restated Interim Order; and
16. The Applicant satisfies the exemption criteria as described in Appendix I to Schedule “A”;

AND WHEREAS the products traded on BTFE are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant’s activities on an ongoing basis to determine whether it is appropriate for the Requested Relief to continue to be granted subject to the terms and conditions set out in Schedule “A” to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Requested Relief and the terms and conditions imposed by the Commission set out in Schedule “A” to this order may change as a result of the Commission’s monitoring of developments in international and domestic capital markets or the Applicant’s activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgments of the Applicant to the Commission, the Commission has determined that the Applicant satisfies the criteria set out in Appendix I to Schedule “A” and that the granting of the Requested Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that (i) pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act, and (ii) pursuant to sections 15.1(1) of NI 21-101, 12.1 of NI 23-101 and 10 of NI 23-103, the Applicant is exempt from the requirements in NI 21-101, NI 23-101 and NI 23-103,

**PROVIDED THAT** the Applicant complies with the terms and conditions contained in Schedule “A”.

DATED ●

**SCHEDULE "A"**

**TERMS AND CONDITIONS**

**Meeting Criteria for Exemption**

1. The Applicant will continue to meet the criteria for exemption included in Appendix I to this Schedule.

**Regulation and Oversight of the Applicant**

2. The Applicant will maintain its registration as an investment firm with permission to operate a multilateral trading facility (**MTF**) with the Netherlands Authority for the Financial Markets (*Autorite Financiële Markten*) (**AFM**) and will continue to be subject to the regulatory oversight of the AFM.
3. The Applicant will continue to comply with the ongoing requirements applicable to it as an MTF registered with the AFM.
4. The Applicant will promptly notify the Commission if its registration as an MTF has been revoked, suspended, or amended by the AFM, or the basis on which its registration as an MTF has been granted has significantly changed.
5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

**Access**

6. The Applicant will not provide direct access to a participant in Ontario including a participant with its headquarters or legal address in Ontario (e.g., as indicated by a participant's Legal Entity Identifier (LEI)) and all traders conducting transactions on its behalf, regardless of the traders' physical location (inclusive of non-Ontario branches of Ontario legal entities), as well as any trader physically located in Ontario who conducts transactions on behalf of any other entity (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as a "professional investor", as defined by the AFM in article 1:1 of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*).
7. For each Ontario User provided direct access to its MTF, the Applicant will require, as part of its application documentation or continued access to the MTF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.
8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote or otherwise uses the Applicant's MTF.
9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant's MTF if the Ontario User is no longer appropriately registered or exempt from those requirements.

**Trading by Ontario Users**

10. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the United States *Commodity Exchange Act* as amended (but without regard to any exclusions from the definition) or debt securities, as defined in subsection 1(1) of the Act, without prior Commission approval.
11. With respect to debt securities:
  - (a) the Applicant will only permit Ontario Users to trade a debt security that is a foreign security or a debt security that is denominated in a currency other than the Canadian dollar as such terms are defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, including:
    - (i) debt securities issued by the United States (**U.S.**) government (including agencies or instrumentalities thereof);
    - (ii) debt securities issued by a foreign government;
    - (iii) debt securities issued by corporate or other non-governmental issuers (U.S. and foreign); and

- (iv) asset-backed securities (including mortgage backed securities), denominated in either U.S. or foreign currencies; and
- (b) the Applicant will only provide transaction execution services in accordance with the terms and conditions of Bloomberg Tradebook Canada Company's registration as an alternative trading system in Ontario with respect to a debt security that is a Canadian security or a debt security of a Canadian issuer that is denominated in the Canadian dollar, including:
  - (i) debt securities issued or guaranteed by the Government of Canada or the government of a jurisdiction of Canada (including agencies or instrumentalities thereof);
  - (ii) debt securities issued or guaranteed by a municipal corporation in Canada;
  - (iii) debt securities issued or guaranteed by Canadian corporate or other non-governmental issuers; and
  - (iv) asset-backed securities (including mortgage backed securities) and collateralized mortgage obligations issued or guaranteed by a Canadian issuer, denominated in the Canadian dollar.
- 12. The Applicant will only permit Ontario Users to trade those securities which are permitted to be traded in the Netherlands under applicable securities laws and regulations.

**Submission to Jurisdiction and Agent for Service**

- 13. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.
- 14. The Applicant will maintain with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

**Prompt Reporting**

- 15. The Applicant will notify staff of the Commission promptly of:
  - (a) any authorization to carry on business granted by the AFM is revoked or suspended or made subject to terms or conditions on the Applicant's operations;
  - (b) the Applicant institutes a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it;
  - (c) a receiver is appointed for the Applicant or the Applicant makes any voluntary arrangement with creditors;
  - (d) the Applicant marketplace is not in compliance with this Order or with any applicable requirements, laws or regulations of the AFM where it is required to report such non-compliance to the AFM;
  - (e) any known investigations of, or disciplinary action against, the Applicant by the AFM or any other regulatory authority to which it is subject; and
  - (f) the Applicant makes any material change to the eligibility criteria for Ontario Users.

**Semi-Annual Reporting**

- 16. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a semi-annual basis (by July 31 for the first half of the calendar year and by January 31 of the follow year for the second half), and at any time promptly upon the request of staff of the Commission:
  - (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading on the Applicant's MTF as customers of participants (**Other Ontario Participants**);
  - (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

- (c) a list of all Ontario Users whom the Applicant has referred to the AFM, or, to the best of the Applicant's knowledge, whom have been disciplined by the AFM with respect to such Ontario Users' activities on the Applicant's MTF and the aggregate number of all participants referred to the AFM since the previous report by the Applicant;
- (d) a list of all active investigations since the last report by the Applicant relating to Ontario Users and the aggregate number of active investigations since the last report relating to all participants undertaken by the Applicant;
- (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant since the last report, together with the reasons for each such denial;
- (f) for each product,
  - (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and
  - (ii) the proportion of worldwide trading volume and value on the Applicant's MTF conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

provided in the required format.

**Information Sharing**

17. The Applicant will provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

## APPENDIX I

### CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

#### PART 1 REGULATION OF THE EXCHANGE

##### 1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

##### 1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

#### PART 2 GOVERNANCE

##### 2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

- (a) effective oversight of the exchange,
- (b) that business and regulatory decisions are in keeping with its public interest mandate,
- (c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:
  - (i) appropriate representation of independent directors, and
  - (ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,
- (d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and
- (e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

##### 2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

#### PART 3 REGULATION OF PRODUCTS

##### 3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

##### 3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

##### 3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

## PART 4 ACCESS

### 4.1 Fair Access

- (a) The exchange has established appropriate written standards for access to its services including requirements to ensure
  - (i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,
  - (ii) the competence, integrity and authority of systems users, and
  - (iii) systems users are adequately supervised.
- (b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.
- (c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.
- (d) The exchange does not
  - (i) permit unreasonable discrimination among participants, or
  - (ii) impose any burden on competition that is not reasonably necessary and appropriate.
- (e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

## PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

### 5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

## PART 6 RULEMAKING

### 6.1 Purpose of Rules

- (a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.
- (b) The Rules are not contrary to the public interest and are designed to
  - (i) ensure compliance with applicable legislation,
  - (ii) prevent fraudulent and manipulative acts and practices,
  - (iii) promote just and equitable principles of trade,
  - (iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,
  - (v) provide a framework for disciplinary and enforcement actions, and
  - (vi) ensure a fair and orderly market.

## PART 7 DUE PROCESS

### 7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

- (a) parties are given an opportunity to be heard or make representations, and
- (b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

## **PART 8 CLEARING AND SETTLEMENT**

### **8.1 Clearing Arrangements**

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.

### **8.2 Risk Management of Clearing House**

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

## **PART 9 SYSTEMS AND TECHNOLOGY**

### **9.1 Systems and Technology**

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

- (a) order entry,
- (b) order routing,
- (c) execution,
- (d) trade reporting,
- (e) trade comparison,
- (f) data feeds,
- (g) market surveillance,
- (h) trade clearing, and
- (i) financial reporting.

### **9.2 System Capability/Scalability**

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

- (a) makes reasonable current and future capacity estimates;
- (b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;
- (c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;
- (d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;
- (e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;
- (f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

- (g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

### **9.3 Information Technology Risk Management Procedures**

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

## **PART 10 FINANCIAL VIABILITY**

### **10.1 Financial Viability**

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

## **PART 11 TRADING PRACTICES**

### **11.1 Trading Practices**

Trading practices are fair, properly supervised and not contrary to the public interest.

### **11.2 Orders**

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

### **11.3 Transparency**

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

## **PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT**

### **12.1 Jurisdiction**

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

### **12.2 Member and Market Regulation**

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

### **12.3 Availability of Information to Regulators**

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

## **PART 13 RECORD KEEPING**

### **13.1 Record Keeping**

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

## **PART 14 OUTSOURCING**

### **14.1 Outsourcing**

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.



## **PART 15 FEES**

### **15.1 Fees**

- (a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.
- (b) The process for setting fees is fair and appropriate, and the fee model is transparent.

## **PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS**

### **16.1 Information Sharing and Regulatory Cooperation**

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

### **16.2 Oversight Arrangements**

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

## **PART 17 IOSCO PRINCIPLES**

### **17.1 IOSCO Principles**

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (IOSCO) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

**APPENDIX II**

**DEFINITION OF PROFESSIONAL INVESTORS**

This Appendix II provides the definition of a “professional investor,” as defined in article 1:1 of the Wft.

professional investor:

- a. bank;
- b. management company of a collective investment scheme;
- c. management company of a pension fund or of a comparable legal person or company;
- d. collective investment scheme;
- e. investment firm;
- f. national or regional government body, or government body administering the public debt;
- g. central bank;
- h. financial institution;
- i. international or supranational organisation governed by public law or comparable international organisation;
- j. market maker;
- k. enterprise whose main activity is investing in financial instruments, implementing securitisation programmes or other financial transactions;
- l. pension fund or comparable legal person or corporation;
- m. person or corporation trading for its own account in commodities and derivatives on commodities;
- n. local firm;
- o. legal person or company that satisfies two of the following magnitude requirements:
  - 1°. a balance sheet total of € 20,000,000 or more;
  - 2°. net turnover of € 40,000,000 or more;
  - 3°. equity capital of € 2,000,000 or more;
- p. insurer;

## BLOOMBERG TRADEBOOK CANADA COMPANY

## NOTICE OF INITIAL OPERATIONS REPORT AND REQUEST FOR FEEDBACK

Bloomberg Tradebook Canada Company (“**Tradebook Canada**”) will operate an alternative trading system in Ontario, Québec and Nova Scotia (each a “**Canadian Jurisdiction**” and collectively referred to as the “**Canadian Jurisdictions**”) to provide participants in those Canadian Jurisdictions with access to the multilateral trading facilities (each a “**System**” and collectively referred to as the “**Systems**”) operated by its affiliated entities, Bloomberg Trading Facility Limited (“**BTFL**”) and Bloomberg Trading Facility B.V. (“**BTF BV**”), to trade Canadian Debt Securities (as defined below).

**Securities Traded Through Tradebook Canada**

Tradebook Canada will support the trading of Canadian dollar denominated debt securities issued by (1) an issuer incorporated, formed or created under the laws of Canada or a jurisdiction of Canada, or (2) the Government of Canada or the government of a jurisdiction of Canada (“**Canadian Debt Securities**”), including:

- (a) debt securities issued or guaranteed by the Government of Canada or the government of a jurisdiction of Canada (including agencies or instrumentalities thereof);
- (b) debt securities issued or guaranteed by a municipal corporation in Canada;
- (c) debt securities issued or guaranteed by Canadian corporate or other non-governmental issuers; and
- (d) asset-backed securities (including mortgage backed securities) and collateralized mortgage obligations issued or guaranteed by a Canadian issuer, denominated in the Canadian dollar.

**Canadian Participants of Tradebook Canada**

Tradebook Canada will provide access to Canadian Participants that may include a wide range of sophisticated entities, including commercial and investment banks, corporations, pension funds, money managers, proprietary trading firms, hedge funds and other institutional customers.

Tradebook Canada will provide access to the Systems to participants that (1) are located in a Canadian Jurisdiction, including participants with their headquarters or legal address in a Canadian Jurisdiction (as indicated by a participant’s Legal Entity Identifier (LEI)) and all traders conducting transactions on its behalf, regardless of the traders’ physical location (inclusive of non-Canadian Jurisdiction branches of Canadian Jurisdiction legal entities), as well as any trader physically located in a Canadian Jurisdiction who conducts transactions on behalf of any other entity (“**Canadian Participants**”), and (2) qualify as “institutional customers” as defined in Rule 1 of the Investment Industry Regulatory Organization of Canada (“**IIROC**”) Rules.

**Regulatory Status of Participants**

Canadian Participants will be required to make representations, when applying to become a participant of Tradebook Canada and each time the Canadian Participant or its authorized traders use the services of Tradebook Canada, that they are (1) registered under the securities laws of a Canadian Jurisdiction, (2) exempt from registration under the securities laws of a Canadian Jurisdiction, or (3) not subject to registration requirements under the securities laws of a Canadian Jurisdiction.

The following chart outlines the regulatory status of Canadian Participants and their counterparties and the principal exemptions from the dealer registration requirement under applicable Canadian securities law that may be relied on by such Canadian Participants and their counterparties with respect to Canadian Debt Securities traded on the Systems through Tradebook Canada.

<b>Instrument</b>	<b>Canadian Participant and Applicable Registration, Exemption or Not Required to be Registered Status</b>	<b>Counterparty to Canadian Participant and Applicable Registration, Exemption or Not Required to be Registered Status</b>
Canadian Debt Securities	<p>Dealer registration under (i) section 25 of the <i>Securities Act</i> (Ontario), (ii) section 148 of the <i>Securities Act</i> (Québec), or (iii) section 31 of the <i>Securities Act</i> (Nova Scotia): applicable to Canadian Participants that are in the business of trading;</p> <p>Dealer exemption under section 35 of <i>Securities Act</i> (Ontario) and 8.21 [<i>Specified debt</i>] of National Instrument 31-103 <i>Registration Requirements, Exemptions and</i></p>	<p>Dealer registration under section 25 of the <i>Securities Act</i> (Ontario) , (ii) section 148 of the <i>Securities Act</i> (Québec), or (iii) section 31 of the <i>Securities Act</i> (Nova Scotia): applicable to counterparties that are in the business of trading;</p> <p>Dealer exemption under section 8.5 [<i>Trades through or to a registered dealer</i>] of NI 31-103: applicable to registered or unregistered counterparties that trade with a Canadian</p>

Instrument	Canadian Participant and Applicable Registration, Exemption or Not Required to be Registered Status	Counterparty to Canadian Participant and Applicable Registration, Exemption or Not Required to be Registered Status
	<p><i>Ongoing Registrant Obligations</i> (“<b>NI 31-103</b>”): applicable to any Canadian Participant trading debt securities that qualify as “specified debt” with a counterparty;</p> <p>Dealer exemption under (i) section 35.1 of the <i>Securities Act</i> (Ontario), or (ii) section 192 of the <i>Securities Regulations</i> (Québec): applicable to Canadian Participants that are prescribed financial institutions;</p> <p>Not subject to dealer registration requirements currently under (i) section 25 of the <i>Securities Act</i> (Ontario), (ii) section 148 of the <i>Securities Act</i> (Québec), or (iii) section 31 of the <i>Securities Act</i> (Nova Scotia): applicable to Canadian Participants that are not in the business of trading.</p>	<p>Participant that is a registered dealer purchasing as principal;</p> <p>Dealer exemption under 8.18 [<i>International dealer</i>] of NI 31-103: applicable to counterparties that are foreign dealer firms<sup>1</sup>;</p> <p>Dealer exemption under 8.21 [<i>Specified debt</i>] of NI 31-103: applicable to any counterparty trading debt securities that qualify as “specified debt” with a Canadian Participant;</p> <p>Not subject to dealer registration requirements currently under (i) section 25 of the <i>Securities Act</i> (Ontario), (ii) section 148 of the <i>Securities Act</i> (Québec), or (iii) section 31 of the <i>Securities Act</i> (Nova Scotia): applicable to counterparties that are not in the business of trading.</p>

Tradebook Canada will rely on a Canadian Participant’s representations to set restrictions on the Canadian Participant’s trading enablements on the Systems. For example, a Canadian Participant that is not an IIROC dealer member and registered investment dealer will not be authorized by Tradebook Canada to trade Canadian Debt Securities with a foreign counterparty.<sup>2</sup> Bloomberg Compliance will conduct post-trade monitoring of Canadian Participant trading activity, and if they determine that a Canadian Participant has engaged in non-compliant trading activity, Tradebook Canada can request BTFL or BTF BV, as applicable, to suspend or terminate the Canadian Participant’s access to the Systems.

### Access to Tradebook Canada and the Systems

Canadian Participants may access Tradebook Canada and transact using the Systems via an approved service provider (Bloomberg Terminal access is provided this way), via application programming interface (“**API**”), a non-Bloomberg API or venue Direct Portal.

### The Systems and their Functionalities

Canadian Participants using the Systems post and request quotations and execute trades in Canadian Debt Securities using Request for Quote (“**RFQ**”) and Request for Trade (“**RFT**”) protocols or functionalities.

#### **RFQ Functionality**

Using RFQ functionality, a Canadian Participant (a “**RFQ Requestor**”) can send an RFQ message to one or more liquidity providers (each, a “**RFQ Respondent**”) that have pre-established relationships with the RFQ Requestor. If an RFQ Respondent wishes to respond, it will provide a quote to the RFQ Requestor. The response messages from the RFQ Respondents to the RFQ Requestor will appear on a screen viewable only by the RFQ Requestor; the RFQ Respondents will not know the identity of the other RFQ Respondents. The RFQ Requestor can click on a bid or offer from an RFQ Respondent to send an acceptance message.

#### **RFT Functionality**

Using RFT functionality, a Canadian Participant can send to a liquidity provider that has a pre-established relationship with the Canadian Participant a message requesting execution of a transaction on the terms stated in the message.

<sup>1</sup> Under section 8.18(2)(b) of NI 31-103, a foreign dealer firm relying on the international dealer exemption may trade with a permitted client (i) Canadian debt securities that are denominated in a currency other than the Canadian dollar, or (ii) Canadian dollar denominated Canadian debt securities that are or were originally offered primarily in a foreign jurisdiction and a prospectus has not been filed with a Canadian securities regulatory authority for the distribution.

<sup>2</sup> Section 6.2 of National Instrument 21-101 *Marketplace Operation* (“**NI 21-101**”) provides that any registration exemptions that may otherwise be applicable to a dealer under securities legislation are not available to an ATS, except as provided in NI 21-101. A non-registered dealer participant may not rely on section 8.5 of NI 31-103 to trade to another non-registered dealer participant.

### **“Client” Participants and “Dealer” Participants**

The Canadian Participant sending out RFQs and RTFs is considered to be a “client” participant on the Systems, typically an institutional investor acting as the buy-side participant and liquidity seeker in transactions with its counterparty. The Canadian Participant receiving and responding to RFQs and RFTs is considered to be a “dealer” participant on the Systems, typically a registered dealer or bank acting as the sell-side participant and liquidity provider in transactions with its counterparty. In certain limited cases, a Systems participant that is a dealer firm may act as a liquidity seeker and send out RFQs and RFTs. However, a Systems participant that is not a dealer firm cannot act as a “dealer” participant and liquidity provider.

### **Transparency Regarding Venue Selection**

Prior to launching an RFQ or RFT on the Systems, Canadian Participants are required to select, via a drop-down menu, the System where a transaction will ultimately be executed. For Canadian Debt Securities, the user interface will indicate, in addition to the selected System, that transactions are taking place through access provided by Tradebook Canada.

Canadian Participants of Tradebook Canada have full transparency regarding which System they are transacting on by reference to a trade execution confirmation, which is generated by the relevant System after a trade is executed. Canadian Participants may use the trade execution confirmation to always be aware that Tradebook Canada is providing access to a System and to be aware of which legal entity that is operating the System they are trading on and to which an Canadian Participant would have recourse in the event of a technical issue where the Canadian Participant might seek contractual resolution, where applicable.

### **Hours of Operation**

The hours of operation for Tradebook Canada and the Systems are 7:00 p.m. to 5:00 p.m. (+1) (EST) on all TARGET business days. A “TARGET” business day means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System, or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

### **Market Data, Description of the Systems and Canadian Debt Securities Trade Reporting**

Canadian Participants (i.e., “client” participants) can view quotations for Canadian Debt Securities provided by counterparty participants (i.e., “dealer” participants) that have enabled the Canadian Participants to view quotations.

The Systems offer Canadian Participants the ability to display quotations to other selected participants or request quotations from other selected participants. After selecting a quotation, an order ticket will appear containing details of the proposed transactions a Canadian Participant can complete and send to a counterparty participant.

Pursuant to the terms and conditions of Tradebook Canada’s registration in the category of investment dealer, Tradebook Canada will report trades executed by the Systems in Canadian Debt Securities to IIROC (as information processor) only with respect to transactions in which neither participant to the trade is (i) a bank listed in Schedule I, II, or III of the *Bank Act* (Canada) (a “**Canadian Bank**”), or (ii) an IIROC Dealer Member firm. Where at least one participant to a transaction is a Canadian Bank or an IIROC Dealer Member, that participant will be responsible for trade reporting pursuant to Part 8 of National Instrument 21-101 *Marketplace Operation*.

### **Clearing and Settlement**

None of Tradebook Canada or the Systems perform any clearing or settlement functions with respect to trades in Canadian Debt Securities executed on the Systems, and do not maintain any reporting procedures with respect to such functions.

Tradebook Canada’s participant access agreement provides that Canadian Participants or their clearing member agents are responsible for reporting trades in Canadian Debt Securities to The Canadian Depository for Securities (“**CDS**”). Canadian Participants or their clearing member agents will rely on their existing arrangements with CDS to clear and settle trades executed on the Systems.

### **United States Regulatory Framework for Electronic Platforms Trading Fixed Income Securities**

The U.S. Securities and Exchange Commission (“**SEC**”) issued a concept release in September 2020 that focuses on the regulatory framework for electronic platforms that trade corporate debt and municipal securities. The concept release does not propose or commit the SEC to proposing regulatory changes, but rather requests information from the public about fixed income electronic trading platforms’ operations, services, fees, market data, and participants, and requests views about whether and what changes should be made to the regulatory framework. Public input was due by March 2021, and the SEC noted the information could help regulators evaluate potential regulatory gaps that may exist among platforms with respect to access to markets, system integrity, surveillance, and transparency, among other things.