

CSA Staff Notice 21-322

Applicability of Regulation to the Operation of MTFs or OTFs in Canada

January 4, 2018

On December 21, 2017, the Canadian Securities Administrators (CSA) were contacted regarding the operations of a number of platforms operating in the European Union that, as of January 3, 2018, will become Regulated Markets (RMs), multilateral trading facilities¹ (MTFs) or organized trading facilities² (OTFs) (together, **trading venues**) offering Canadian participants the ability to trade equities and certain derivatives.

If trading venues offer, or intend to offer, access to Canadian participants, these platforms may be “carrying on business” in certain Canadian jurisdictions and may currently be, or will be, subject to requirements of applicable legislation that mandate recognition as an exchange or registration as an alternative trading system under National Instrument 21-101 *Marketplace Operation*. This depends not on their classification under European laws but on Canadian regulation relating to the services that they provide to Canadian participants.

CSA Staff recommends that trading venues that currently provide, or want to provide, Canadian participants with access to their platform, whether directly or indirectly, contact the relevant jurisdiction(s) in which they are carrying on, or want to carry on, business to discuss the applicability of the local regulatory framework to their operations.

Questions

If you have any questions about this notice, please contact any of the following CSA staff:

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1 An MTF is defined in Article 4(1)(22) of the amended Markets in Financial Instruments Directive (“MiFID II”) as a “multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract...”.

2 An OTF is defined in Article 4(1)(23) of MiFID II as a “multilateral system which is not a regulated market or MTF and in which multiple third-party buying and selling interests...in derivatives are able to interact in the system in a way that results in a contract...”.

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