

**In the Matter of  
The Securities Act, 1988  
(the Act)**

and

**In the Matter of  
Refinitiv Transaction Services Limited**

**DECISION**

**Background**

Refinitiv Transaction Services Limited (**RTSL** or the **Applicant**) has filed an application dated September 6, 2023 (the **Application**) with the Financial and Consumer Affairs Authority (the **Authority**) requesting an order for the following relief:

- a) an exemption from the requirement to be recognized as an exchange and derivative trading facility as required pursuant to section 21.1 of the Act (**Exemption from Recognition**); and
- b) Under Section 15.1 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**), Section 12.1 of National Instrument 23-101 *Trading Rules* (**NI 23-101**) and Section 10 of NI 23-103 *Electronic Trading and Direct Access to Marketplaces* (**NI 23-103**) (together, the Marketplace Rules) an exemption from the application of all provisions of the Marketplace Rules that apply to a person or company carrying on business as an exchange in Saskatchewan (**Exemption from the Market Place Rules**);

(collectively, the **Requested Relief**)

The Authority has assigned to the Executive Director, Securities Division (the **Executive Director**) the power to make exemption orders and rulings under the provisions of the Act.

**Interpretation**

Terms defined in National Instrument 14-101 Definitions have the same meaning if used in this decision, unless otherwise defined.

**Representations**

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

1. RTSL currently operates a multilateral trading facility (the **Facility**). The following types of investment are offered for trading on the Facility: foreign exchange (**FX**) forwards (swaps), FX forwards (outrights), FX swaps, FX non-deliverable forwards (**NDFs**) and FX options. These financial instruments are admitted in various currency pairs.
2. RTSL received authorization on December 1, 2001, from the Financial Services Authority, the United Kingdom's (**UK**) financial services regulator at that time (now superseded by the Financial Conduct Authority (**FCA**)), to act as the operator of the Facility. A formal approval to operate a multilateral trading facility as defined under the European Union's Markets in Financial Instruments Directive 2004/39 was obtained in November 2007.
3. On January 3, 2018, the Markets in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament and of the Council) (**MiFID II**) entered into force as implemented in the UK by transposition into national law together with the Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014 of the European Parliament and of the Council) (**MiFIR**) which is directly applicable in the UK, containing the amended regulatory framework for the operator of a multilateral trading facility.
4. Without the Requested Relief, participants in Saskatchewan will be precluded from trading with UK participants on the Facility, a UK-regulated trading venue.
5. The Facility comprises one trading segment known as FXall RFQ which is governed by the MTF Rule Book (the **Rules**). A client who enters into a Participant Agreement in respect of the Facility (a **Participant**) must comply with both the Rules applicable to the Facility as a whole.
6. The Applicant is subject to regulatory supervision by the FCA, pursuant to an authorization to operate a multilateral trading facility granted November 1, 2007.
7. Accordingly, the Applicant is required to comply with the FCA's regulatory framework, 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 a multilateral trading facility), 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. The Applicant's Compliance Department is responsible for implementing and maintaining adequate policies and procedures designed to ensure that the Applicant (and all associated staff) comply with their obligations under the FCA rules. These policies and procedures are set forth in the RTSL Compliance Manual and associated internal policies and procedures.

8. The Facility is obliged to have requirements governing the conduct of Participants, to monitor compliance with those requirements and report to the FCA (a) significant breaches of the 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, temporarily suspended or subject to condition(s). As required, 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 Facility to identify disorderly trading and market abuse or anomalies. The trade surveillance program is designed to maintain a fair and orderly market for Participants.
9. Participants may only connect to the Facility using a connection method permitted by RTSL. These connection methods are described more fully in the rules relevant to each specific trading segment. FXall RFQ currently permits connections through an application programming interface (**API**) for FX Forwards. Participants may allow remote-manned use of LSEG APIs if the Participant ensures that the API applications in use at the remote site are at all times monitored and managed from that remote monitoring site. The Facility offers publicly available pricing plans based on trading segment, rate engine or pricing tool selected. The rate stated is purely for the Facility transaction component and does not include any pricing for the rates engine or pricing tools used.
10. Participants are responsible for ensuring the prompt exchange and processing of transaction confirmations directly with their counterparties in accordance with market practice. Failure to settle transactions will constitute a breach of the Rules. Participants are also responsible for ensuring that transactions are not required to be cleared pursuant to applicable law. If Participants are required or choose to clear a transaction, they are responsible for making the necessary arrangements.
11. The Applicant requires that all Participants meet the criteria of an Eligible Counterparty, either "per se" or "elective" as defined in Article 30(2) of European Union Directive 2014/65 and as incorporated into UK regulations. Each prospective participant must (i) comply and ensure that its authorized traders comply, and, in each case, continue to comply, with the Rules and applicable law (ii) have a sufficient level of trading ability, skill, competence and experience to conduct activities on the Facility; (iii) must be of adequate financial soundness; (iv) have adequate organizational arrangements commensurate with meeting their own regulatory obligations (v) have in

place adequate systems and controls to ensure their on-going compliance with the Rules and management of their trading activities, and (vi) must satisfy any other criteria that RTSL may reasonably require from time to time.

12. RTSL will offer direct access to trading on the Facility to participants that are located in Saskatchewan (**Saskatchewan Participants**) and are appropriately registered as applicable under Saskatchewan securities laws or are exempt from or not subject to those requirements and qualify as an "eligible counterparty" (either "per se" or "elective"), as defined in Article 30(2) of European Union Directive 2014/65 and as incorporated into UK regulations. Saskatchewan Participants will be required to immediately notify the Applicant if they cease to meet the criteria of an Eligible Counterparty. Participants must also supply any information requested by the Facility or Applicant to enable monitoring of responsibilities with respect to eligibility and operational criteria.
13. The Facility also requires information to be provided regarding the operational functions of the participants, including the qualifications required of staff in key positions and pre- and post-trade controls.
14. Saskatchewan Participants may include financial institutions, asset managers, dealers, government entities, pension funds and other well-capitalized entities that meet the criteria described above.
15. Because the Facility sets requirements for the conduct of its participants and surveils the trading activity of its Participants, it is considered by the Authority to be an exchange.
16. Since the Applicant seeks to provide Saskatchewan Participants with direct access to trading on the Facility, the Facility is considered by the Authority to be "carrying on business as an exchange" in Saskatchewan and is required to be recognized as such or exempted from recognition pursuant to subsection 160(1) of the Act.
17. The Facility has no physical presence in Saskatchewan and does not otherwise carry on business in Saskatchewan except as described herein.

The Applicant has acknowledged that the scope of the Requested Relief and the terms and conditions imposed set out in Schedule "A" to this order may change as a result of the Authority's monitoring of developments in international and domestic capital markets or the Applicant or the Facility's activities, or as a result of any changes to the laws in Saskatchewan affecting trading in derivatives or securities.



**Decision**

1. The Executive Director is satisfied that it would not be prejudicial to the public interest to make the decision; and
2. The Decision of the Executive Director is that the Requested Relief is granted

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



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Dean Murrison  
Executive Director, Securities Division  
Financial and Consumer Affairs  
Authority of Saskatchewan

## Schedule A: Terms and Conditions

### Meeting Criteria for Exemption

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

### Regulation and Oversight of the Applicant

2. The Applicant will maintain its authorization to operate as a multilateral trading facility (**MTF**) with the UK 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 the operator of an MTF authorized by the FCA.
4. The Applicant will promptly notify the Authority if its authorization to operate 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 Authority as needed, to carry out its activities as an exchange exempted from recognition under subsection 20(1) of the Act in compliance with the Saskatchewan securities law.

### Access

6. The Applicant will not provide direct access to a participant in Saskatchewan (a **Saskatchewan User**) unless the Saskatchewan User is appropriately registered as applicable under the Saskatchewan securities laws or is exempt from or not subject to those requirements and qualifies as an "eligible counterparty" (either "per se" or "elective"), as defined by Article 30(2) of the European Union Directive 2014/65 and as incorporated into UK regulations.
7. For each Saskatchewan User provided direct access to its Facility, the Applicant will require, as part of its application documentation or continued access to the Facility, the Saskatchewan User to represent that it is appropriately registered as applicable under Saskatchewan securities laws or is exempt from or not subject to those requirements.
8. The Applicant may reasonably rely on a written representation from the Saskatchewan User that specifies either that it is appropriately registered as applicable under Saskatchewan securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Saskatchewan 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 Facility.
9. The Applicant will require Saskatchewan Users to notify the Applicant if their



registration as applicable under Saskatchewan securities laws has been revoked, suspended, or amended by the Authority or if they are no longer exempt from or become subject to those requirements and, following notice from the Saskatchewan User and subject to applicable laws, the Applicant will promptly restrict the Saskatchewan User's access to the Facility if the Saskatchewan User is no longer appropriately registered or exempt from those requirements.

### **Trading by Saskatchewan Users**

10. The Applicant will not provide access to an Saskatchewan User to trading in products other than swaps, as defined in section 1a(47) of the United States Commodity Exchange Act as amended, without prior approval of the Authority.

### **Submission to Jurisdiction and Agent for Service**

11. With respect to a proceeding brought by the Authority arising out of, related to, concerning or in any other manner connected with the Authority's regulation and oversight of the activities of the Applicant in Saskatchewan, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Saskatchewan and (ii) an administrative proceeding in Saskatchewan.

12. The Applicant will submit to the Authority a valid and binding appointment of an agent for service in Saskatchewan upon whom the Authority 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 Authority's regulation and oversight of the Applicant's activities in Saskatchewan.

### **Prompt Reporting**

13. The Applicant will notify staff of the Authority 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 Saskatchewan Users.

### **Semi-Annual Reporting**

14. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Authority on a semi-annual basis (by July 31 for the first half of the calendar year and by January 31 of the following year for the second half), and at any time promptly upon the request of staff of the Authority:

(a) a current list of all Saskatchewan Users and whether the Saskatchewan User is registered under the securities laws of Saskatchewan or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Saskatchewan trading on the Applicant's Facility as customers of participants (**Other Saskatchewan Participants**);

(b) the legal entity identifier assigned to each Saskatchewan User, and, to the extent known by the Applicant, to Other Saskatchewan Participants in accordance with the standards set by the Global Legal Entity Identifier System;

(c) a list of all Saskatchewan 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 Saskatchewan Users' activities on the Applicant's Facility 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 previous report by the Applicant relating to Saskatchewan Users and the aggregate number of active investigations since the previous report relating to all participants undertaken by the Applicant;

(e) a list of all applicants in Saskatchewan for status as a participant who were denied such status or access to the Applicant since the previous report, together with the reasons for each such denial; and

(f) for each product,

(i) the total trading volume and value on the Facility originating from Saskatchewan Users, and, to the extent known by the Applicant, from Other Saskatchewan Participants, presented on a per Saskatchewan User or per Other Saskatchewan Participant basis; and

(ii) the proportion of worldwide trading volume and value on the Facility conducted by Saskatchewan Users, and, to the extent known by the Applicant, by Other Saskatchewan Participants, presented in the



aggregate for such Saskatchewan Users and Other Saskatchewan Participants;

provided in the required format.

### **Information Sharing**

15. The Applicant will provide such information as may be requested from time to time by, and otherwise cooperate with, the Authority 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 1: CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE**

## **PART 1 REGULATION OF THE EXCHANGE**

### **Regulation of the MTF**

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

### **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**

### **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:
  - a. appropriate representation of independent directors, and
  - b. 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.

### **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**

### **Review and Approval of Products**

The products traded on the exchange and any changes thereto are reviewed by 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.

### **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.



### **Risks Associated with Trading Products**

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange including, but not limited to, margin requirements, intra-day margin calls, daily trading limits, price limits, position limits, and internal controls.

## **PART 4 ACCESS**

### **Fair Access**

The exchange has established appropriate written standards for access to its services including requirements to ensure

- a. participants are appropriately registered as applicable under the securities laws or commodity futures laws of Saskatchewan, or exempted from these requirements,
- b. the competence, integrity and authority of systems users, and
- c. 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
  - a. permit unreasonable discrimination among participants, or
  - b. 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**

### **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**

### **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
  - a. ensure compliance with applicable legislation,
  - b. prevent fraudulent and manipulative acts and practices,
  - c. promote just and equitable principles of trade,
  - d. 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,
- e. provide a framework for disciplinary and enforcement actions, and
  - f. ensure a fair and orderly market.

## **PART 7 DUE PROCESS**

### **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**

### **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.

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

The exchange does not offer products which are intended to be cleared.

## **PART 9 SYSTEMS AND TECHNOLOGY**

### **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.

### **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.

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

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

### **PART 10 FINANCIAL VIABILITY**

#### **Financial Viability**

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

### **PART 11 TRADING PRACTICES**

#### **Trading Practices**

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

#### **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.

#### **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**

#### **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.

#### **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.

#### **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 Authority, on a timely basis.

### **PART 13 RECORD KEEPING**

#### **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**

#### **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**

#### **Fees**

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. The process for setting fees is fair and appropriate, and the fee model is transparent.

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

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

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

#### **Oversight Arrangements**

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

### **PART 17 IOSCO PRINCIPLES**

#### **IOSCO Principles**

To the extent it is consistent with the laws of the foreign jurisdiction, the

exchange adheres to the standards of the International Organization of Securities Authoritys (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivative Markets” (**2011**).