

May 30, 2024

**In the Matter of
the Securities Legislation of Ontario (the Jurisdiction) and Alberta, British Columbia,
Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova
Scotia, Nunavut, Prince Edward Island, Québec, Saskatchewan, and Yukon**

and

**In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

**In the Matter of Virgo CX Inc.
(the Filer)**

Decision

Background

As set out in CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets (Staff Notice 21-327)* and Joint CSA/Investment Industry Regulatory Organization of Canada (IIROC) Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements (Staff Notice 21-329)*, securities legislation applies to crypto asset trading platforms (CTPs) that facilitate or propose to facilitate the trading of instruments or contracts involving anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token (a **Crypto Asset**) because the user's contractual right to the Crypto Asset may itself constitute a security and/or a derivative (a **Crypto Contract**).

To foster innovation and respond to novel circumstances, the Canadian Securities Administrators (CSA) have considered an interim, time-limited registration that would allow CTPs to operate within a regulated environment, with regulatory requirements tailored to the CTPs' operations. The overall goal of the regulatory environment is to ensure there is a balance between the need to be flexible and to facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer is currently registered in the category of restricted dealer in all provinces and territories of Canada. In connection with its registration as a restricted dealer, the Filer previously applied for and received exemptive relief in a decision dated May 30, 2022 on terms substantially similar to this decision (the **Decision**).

Under the terms and conditions of the decision *In the Matter of VirgoCX Inc.* dated May 30, 2022 (the **Prior Decision**), the Filer has operated, and continues to operate, on an interim basis, a

platform (the **Platform**) that permits clients resident in Canada to enter into Crypto Contracts to purchase, hold, sell, deposit, and withdraw Crypto Assets.

The exemptive relief granted under the Prior Decision expires on May 30, 2024, and required the Filer to submit an application to its Principal Regulator and the Autorité des marchés financiers (**AMF**) to become registered as an investment dealer no later than May 30, 2023, and to submit an application with the Canadian Investment Regulatory Organization (**CIRO**), formerly IIROC, to become a dealer member by May 30, 2023.

The Filer submitted its membership application to CIRO on May 30, 2023, and submitted an amended membership application to CIRO on December 19, 2023. Having regard to the stage of review of the Filer's CIRO membership application, it is likely that the Filer will require more time to become a CIRO member.

The Filer has submitted an application to extend its existing exemptive relief in order to allow the Filer to complete the CIRO membership process while continuing to operate the Platform on an interim basis, and to incorporate the terms and conditions related to the Filer's offering of Crypto Contracts based on Value-Referenced Crypto Assets (as defined below).

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

Relief Requested

The securities regulatory authority or regulator in the Jurisdiction has received an application from the Filer (the **Passport Application**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) extending the time-limited exemption of the Filer from:

- (a) the prospectus requirements under the Legislation in respect of the Filer entering into Crypto Contracts with clients to purchase, hold, sell, deposit, and withdraw Crypto Assets (the **Prospectus Relief**); and
- (b) the requirement in section 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), before it opens an account, takes investment action for a client, or makes a recommendation or exercises discretion to take investment action, to determine on a reasonable basis that the action is suitable for the client (the **Suitability Relief**).

The securities regulatory authority or regulator in the Jurisdiction and each of the other jurisdictions referred to in Appendix A (collectively, the **Coordinated Review Decision Makers**) have received an application from the Filer (collectively with the Passport Application, the **Application**) for a decision under the securities legislation of those jurisdictions exempting the Filer from certain reporting requirements under the Local Trade Reporting Rules (as defined in Appendix A) (the **Trade Reporting Relief**, and together with the Prospectus Relief and the Suitability Relief, the **Requested Relief**).

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

- (a) the Ontario Securities Commission is the principal regulator for the Application (the **Principal Regulator**);
- (b) in respect of the Prospectus Relief and the Suitability Relief, the Filer has provided notice that, in the jurisdictions where required, subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (the **Non-Principal Jurisdictions**, and, together with the Jurisdiction, the **Applicable Jurisdictions**); and
- (c) the decision in respect of the Trade Reporting Relief is the decision of the Principal Regulator and evidences the decision of each Coordinated Review Decision Maker.

Interpretation

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

For the purposes of this Decision, the following terms have the following meaning:

- (a) “Acceptable Third-party Custodian” means an entity that:
 - a. is one of the following:
 - i. a Canadian custodian or Canadian financial institution, as those terms are defined in NI 31-103;
 - ii. a custodian qualified to act as a custodian or sub-custodian for assets held in Canada pursuant to section 6.2 [Entities Qualified to Act as Custodian or Sub-Custodian for Assets Held in Canada] of National Instrument 81-102 *Investment Funds*;
 - iii. a custodian that meets the definition of an “acceptable securities location” in accordance with the Investment Dealer and Partially Consolidated Rules and Form 1 of CIRO;
 - iv. a foreign custodian (as defined in NI 31-103) for which the Filer has obtained the prior written consent from the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s); or
 - v. an entity that does not meet the criteria for a qualified custodian (as defined in NI 31-103) and for which the Filer has obtained the prior written consent from the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s);
 - b. is functionally independent of the Filer within the meaning of NI 31-103;
 - c. has obtained audited financial statements within the last twelve months which
 - i. are audited by a person or company that is authorized to sign an auditor’s report under the laws of a jurisdiction of Canada or a foreign jurisdiction and that meets the professional standards of that jurisdiction;

- ii. are accompanied by an auditor's report that expresses an unqualified opinion; and
 - iii. unless otherwise agreed to by the Principal Regulator, discloses on their statement of financial position or in the notes of the audited financial statements the amount of liabilities that it owes to its clients for holding their assets, and the amount of assets held by the custodian to meet its obligations to those custody clients, broken down by asset; and
- d. has obtained a Systems and Organization Controls (**SOC**) 2 Type 1 or SOC 2 Type 2 report within the last twelve months or has obtained a comparable report recognized by a similar accreditation board satisfactory to the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s).
- (b) "Act" means the *Securities Act* (Ontario).
 - (c) "App" means the iOS and Android application that provides access to the Platform.
 - (d) "CIPF" means the Canadian Investor Protection Fund.
 - (e) "Crypto Asset Statement" means the statement described in representation 35(e)(v).
 - (f) "IOSCO" means the International Organization of Securities Commissions.
 - (g) "permitted client" has the meaning ascribed to that term in NI 31-103.
 - (h) "Promoter" has the meaning ascribed to that term in Canadian securities legislation.
 - (i) "Proprietary Token" means, with respect to a person or company, a Crypto Asset that is not a Value-Referenced Crypto Asset, and for which the person or company or an affiliate of the person or company acted as the issuer (and mints or burns the Crypto Asset) or a promoter.
 - (j) "Registered CTP" means a CTP that is registered as a restricted dealer or an investment dealer under securities legislation in one or more Applicable Jurisdictions.
 - (k) "Specified Crypto Asset" means the Crypto Assets listed in Appendix B to this Decision.
 - (l) "Specified Foreign Jurisdiction" means any of the following: Australia, Brazil, any member country of the European Union, Hong Kong, Japan, the Republic of Korea, New Zealand, Singapore, Switzerland, the United Kingdom of Great Britain and Northern Ireland, the United States of America, and any other jurisdiction that the Principal Regulator may advise.
 - (m) "Value-Referenced Crypto Asset" or "VRCA" means a Crypto Asset that is designed to maintain a stable value over time by referencing the value of a fiat currency or other value or right, or combination thereof.
 - (n) "Website" means the website <https://virgocx.ca> or such other website as may be used to host the Platform from time to time.

In this Decision, a person or company is an affiliate (an **Affiliate**) of another person or company if:

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

Representations

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

The Filer

1. The Filer is a corporation incorporated under the federal laws of Canada with its principal and head office in Toronto, Ontario.
2. The Filer operates under the business name of “VirgoCX”.
3. The Filer is a wholly-owned subsidiary of VirgoCX Global Holdings Inc. (**VGHI**).
4. The Filer and VGHI do not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada.
5. The Filer is registered as a dealer in the category of restricted dealer with the Applicable Jurisdictions.
6. The Filer is registered as a money services business (**MSB**) under regulations made under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (**Canadian AML/ATF Law**).
7. The Filer’s personnel consist of software engineers, compliance professionals and client support representatives who each have experience operating in a regulated financial services environment as an MSB and expertise in blockchain technology. All of the Filer’s personnel have passed criminal records checks and new personnel joining the Filer after May 30, 2022 will have passed criminal records and credit checks. The Filer does not have any dealing representatives.
8. Except for not submitting an application to its Principal Regulator and the AMF to become registered as an investment dealer, the Filer is not in default of securities legislation of any jurisdiction of Canada.
9. The Filer has been actively and diligently working with CIRO, including:
 - (a) updating CIRO on the financial health and viability of the Filer as well as presenting updated views of the market along with updated 5-year business plans;
 - (b) preparing multiple detailed versions of the Filer’s investment dealer membership application which comprehensively describes the Platform, how the Filer complies with CIRO Rules and where exemptive relief may be required;
 - (c) preparing and presenting on the Platform at numerous meetings with CIRO Staff;

- (d) preparing draft exemptive relief applications, where such relief may be required from CIRO;
 - (e) updating policies and procedures to reflect CIRO's requirements; and
 - (f) engaging with external consultants and legal counsel to ensure policies and procedures meet industry standards and best practices.
10. Since May 2023, the Filer has engaged numerous additional compliance, trading, operational and financial personnel to support the Platform and the Filer's transition to CIRO.
11. The transition efforts have also involved senior operational, legal, trading and financial personnel from the Filer, and members of broader product, engineering, security, finance, operations, fraud, communications, compliance and legal teams have supported the transition efforts, in addition to other responsibilities.
12. The Filer requires additional time to complete its CIRO membership application. The Filer anticipates the following key steps will need to be taken:
- (a) responding to any further requests for information from CIRO;
 - (b) completing work necessary for the Filer's accounting ledger to consume and reflect activity in Crypto Assets;
 - (c) completing the integration of an order management system into the Crypto Asset trading workflow; and
 - (d) submitting applications for exemptive relief to CIRO and addressing any comments on those applications.
13. The Filer will continue to work actively and diligently with CIRO to complete the CIRO membership process.

VirgoCX Platform

14. The Filer operates under the business name of "VirgoCX". The Filer operates the Platform for the trading of crypto assets in Canada that enables clients of the Filer to buy, sell, hold, deposit, and withdraw Crypto Assets through the Filer.
15. The Filer's role under the Crypto Contracts is to buy or sell Crypto Assets and to provide custody services for all Crypto Assets held in accounts on the Platform.
16. The Platform is governed by terms of service (the **VirgoCX TOS**).
17. Under the VirgoCX TOS, the Filer maintains certain controls over client Crypto Assets to ensure compliance with applicable laws and to provide secure custody of the client assets.
18. The Filer's trading of Crypto Contracts is consistent with activities described in Staff Notice 21-327 and constitutes the trading of securities and/or derivatives.

19. The Filer does not have any authority to act on a discretionary basis on behalf of clients and will not offer or provide discretionary investment management services relating to Crypto Assets.
20. The Filer is not a member firm of CIPF and the Crypto Assets custodied do not qualify for CIPF coverage.
21. The Risk Statement (defined below) includes disclosure that there is no CIPF coverage for the Crypto Assets and clients must acknowledge that they have received, read and understood the Risk Statement before opening an account with the Filer.

OTC Trading

22. VirgoCX Direct Inc., an Affiliate of the Filer, operates an over-the-counter (**OTC**) trading desk for orders of a minimum size of C\$30,000. The OTC trading desk allows clients to purchase or sell Crypto Assets from VirgoCX Direct Inc. VirgoCX Direct Inc. immediately delivers, as described in Staff Notice 21-327, any purchased Crypto Assets to the purchaser at a blockchain wallet address specified by the purchaser which is not under the ownership, possession, or control of VirgoCX Direct Inc. or the Filer.
23. VirgoCX Direct Inc. will only sell Crypto Assets that the Filer has reasonably determined are not securities or derivatives following the procedures set out in representations 24 to 28 of this Decision. The Filer and VirgoCX Direct Inc. acknowledge that any determination made by the Filer as set out in representations 24 to 28 of this Decision does not prejudice the ability of any of the regulators or securities regulatory authorities of any province or territory of Canada to determine that a Crypto Asset that VirgoCX Direct Inc. may sell is a security and/or derivative.

Crypto Assets Available Through the Platform

24. The Filer has established and applies policies and procedures to review Crypto Assets and to determine whether to allow clients on its Platform to enter into Crypto Contracts to buy, sell, or hold the Crypto Assets on its Platform in accordance with the know-your-product (**KYP**) provisions of NI 31-103 (**KYP Policy**). Such review includes, but is not limited to, publicly available information concerning:
 - (a) the creation, governance, usage and design of the Crypto Asset, including the source code, security and roadmap for growth in the developer community and, if applicable, the background of the developer(s) that created the Crypto Asset;
 - (b) the supply, demand, maturity, utility and liquidity of the Crypto Asset;
 - (c) material technical risks associated with the Crypto Asset, including any code defects, security breaches and other threats concerning the Crypto Asset and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
 - (d) legal and regulatory risks associated with the Crypto Asset, including any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of the Crypto Asset.

25. The Filer only offers and only allows clients the ability to enter into Crypto Contracts based on Crypto Assets that (a) are not each themselves a security and/or a derivative, or (b) are Value-Referenced Crypto Assets, in accordance with condition E of this Decision.
26. The Filer does not allow clients to enter into a Crypto Contract to buy or sell Crypto Assets unless the Filer has taken steps to:
 - (a) assess the relevant aspects of each Crypto Asset pursuant to the KYP Policy and, as described in representation 24, to determine whether it is appropriate for its clients;
 - (b) approve the Crypto Asset, and Crypto Contracts to buy, and sell such Crypto Asset, to be made available to clients; and
 - (c) monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.
27. The Filer is not engaged, and will not engage without the prior written consent of the Principal Regulator, in trades that are part of, or designed to facilitate, the design, creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuers or Affiliates or associates of such persons.
28. As set out in the KYP Policy, the Filer determines whether a Crypto Asset available to be bought or sold through a Crypto Contract is a security and/or derivative and is being offered in compliance with securities and derivatives laws, which include but are not limited to:
 - (a) consideration of statements made by any regulators or securities regulatory authorities of the Applicable Jurisdictions, other regulators in the IOSCO member jurisdictions, or the regulator with the most significant connection to a Crypto Asset about whether the Crypto Asset, or generally about whether the type of Crypto Asset, is a security and/or derivative; and
 - (b) if the Filer determines it to be necessary, obtaining legal advice as to whether the Crypto Asset is a security and/or derivative under securities legislation of the Applicable Jurisdictions.
29. The Filer monitors ongoing developments related to the Crypto Assets available on its Platform that may cause a Crypto Asset's status as a security and/or derivative or the assessment conducted by the Filer pursuant to its KYP Policy and as described in representations 24 to 28 to change.
30. The Filer acknowledges that any determination made by the Filer, including those set out in representations 24 to 28 of this Decision, does not prejudice the ability of any of the regulators or securities regulatory authorities of any province or territory of Canada to determine that a Crypto Asset that a client may enter into a Crypto Contract to buy and sell is a security and/or derivative.
31. The Filer has established and applies policies and procedures to promptly stop the trading of any Crypto Asset available on its Platform and to allow clients to liquidate in an orderly

manner their positions in Crypto Contracts with underlying Crypto Assets that the Filer ceases to make available on its Platform.

Know-Your-Client and Account Appropriateness Assessment

32. Each client must open an account (a **Client Account**) using the Website or App to access the Platform. Client Accounts are governed by the VirgoCX TOS that are accepted by clients at the time of account opening.
33. The Filer has adopted eligibility criteria for the onboarding of all clients. All clients on the Platform must: (a) successfully complete the Filer's know-your-client (**KYC**) process which satisfies the identity verification requirements applicable to reporting entities under Canadian AML/ATF Law, and (b) hold an account with a Canadian financial institution. Each Canadian client who is an individual, and each individual who is authorized to give instructions for a Canadian client that is a legal entity, must be: (c) a Canadian citizen or permanent resident; and (d) 18 years or older.
34. The Filer does not provide recommendations or advice to clients or conduct a trade-by-trade suitability determination for clients, but rather performs account appropriateness assessments and applies Client Limits (as defined in representation 35(d)).
35. As part of the account opening process:
 - (a) The Filer complies with the applicable KYC account opening requirements under applicable legislation and under Canadian AML/ATF Laws by collecting KYC information which satisfies the identity verification requirements applicable to reporting entities.
 - (b) The Filer assesses "account appropriateness". Specifically, prior to opening a Client Account, the Filer uses electronic questionnaires to collect information that the Filer will use to determine whether and to what extent it is appropriate for a prospective client to enter into Crypto Contracts with the Filer to buy and/or sell Crypto Assets. The account appropriateness assessment conducted by the Filer considers the following factors (the **Account Appropriateness Factors**):
 - (i) the client's experience and knowledge in investing in Crypto Assets;
 - (ii) the client's financial assets and income;
 - (iii) the client's risk tolerance; and
 - (iv) the Crypto Assets approved to be made available to a client by entering into Crypto Contracts on the Platform.
 - (c) The Account Appropriateness Factors are used by the Filer to evaluate whether and to what extent entering into Crypto Contracts with the Filer is appropriate for a prospective client before the opening of a Client Account. After completion of the account appropriateness assessment, a prospective client that is not a permitted client or a Registered CTP receives appropriate messaging about using the Platform to enter into Crypto Contracts, which, in circumstances where the Filer

has evaluated that entering into Crypto Contracts with the Filer is not appropriate for the client, will include prominent messaging to the client that this is the case and that the client will not be permitted to open a Client Account.

- (d) The Filer has adopted and applies policies and procedures to conduct an assessment to establish appropriate limits on the losses that a client that is not a permitted client or a Registered CTP can incur, what limits will apply to such client based on the Account Appropriateness Factors (the **Client Limit**), and what steps the Filer will take when the client approaches or exceeds their Client Limit. After completion of the assessment, the Filer will implement controls to monitor and apply the Client Limit.
- (e) The Filer provides a prospective client with a separate statement of risk (the **Risk Statement**) that clearly explains the following in plain language:
 - (i) the Crypto Contracts;
 - (ii) the risks associated with the Crypto Contracts;
 - (iii) a prominent statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or the Crypto Assets made available through the Platform;
 - (iv) the due diligence performed by the Filer before making a Crypto Asset available through the Platform, including the due diligence performed by the Filer to assess whether the Crypto Asset is a security and/or derivative under the securities and derivatives legislation of each of the jurisdictions of Canada and the securities and derivatives laws of the foreign jurisdiction with which the Crypto Asset has the most significant connection, and the risks if the Filer has incorrectly determined that the Crypto Asset is not a security and/or derivative;
 - (v) that the Filer has prepared a plain language description of each Crypto Asset and of the risks of the Crypto Asset made available through the Platform, with instructions as to where on the Platform the client may obtain the descriptions (each, a **Crypto Asset Statement**);
 - (vi) the Filer's policies for halting, suspending and withdrawing a Crypto Asset from trading on the Platform, including criteria that would be considered by the Filer, options available to clients holding such a Crypto Asset, any notification periods and any risks to clients;
 - (vii) the location and the manner in which Crypto Assets are held for the client, and the risks and benefits to the client of the Crypto Assets being held in that location and in that manner including the impact of insolvency of the Filer or the Acceptable Third-party Custodian;
 - (viii) the manner in which the Crypto Assets are accessible by the Filer, and the risks and benefits to the client arising from the Filer having access to the Crypto Assets in that manner;

- (ix) that the Filer is not a member of CIPF and the Crypto Contracts issued or entered into by the Filer and the Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection;
 - (x) a statement that the statutory rights in section 130.1 of the Act, and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Risk Statement or a Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision; and
 - (xi) the date on which the information was last updated.
36. In order for a prospective client to open and operate a Client Account with the Filer, the Filer obtains an electronic acknowledgement from the prospective client confirming that the prospective client has received, read and understood the Risk Statement. Such acknowledgement will be prominent and separate from other acknowledgements provided by the prospective client as part of the account opening process.
37. A copy of the Risk Statement acknowledged by a client is made available to the client in the same place as the client's other statements on the Platform. The most recent Risk Statement is available on the Platform.
38. The Filer applies written policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, crypto assets generally, or a specific Crypto Asset, as the case may be. In the event the Risk Statement is updated, clients of the Filer will be promptly notified of the update and provided with a copy of the updated Risk Statement. In the event a Crypto Asset Statement is updated, clients of the Filer will be promptly notified, with links to the updated Crypto Asset Statement.
39. Before a client enters into a Crypto Contract to buy a Crypto Asset, the Filer provides instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Website or App.
40. Each Crypto Asset Statement includes:
- (a) a prominent statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or any Crypto Assets made available through the Platform;
 - (b) a description of the Crypto Asset, including the background of the creation of the Crypto Asset, including the background of the developer(s) that first created the Crypto Asset, if applicable;
 - (c) a description of the due diligence performed by the Filer with respect to the Crypto Asset;
 - (d) any risks specific to the Crypto Asset;

- (e) a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and the Crypto Assets made available through the Platform;
 - (f) a statement that the statutory rights in section 130.1 of the Act, and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision; and
 - (g) the date on which the information was last updated.
41. The Filer monitors Client Accounts after opening to identify activity inconsistent with the client's account, the account appropriateness assessment and Crypto Asset assessment. If warranted, the client may receive further messaging about the Platform and the Crypto Assets, specific risk warnings and/or receive direct outreach from the Filer about their activity. The Filer monitors compliance with the Client Limits established by the Filer as described in representation 35(d). If warranted, the client will receive warnings when their Client Account is approaching its Client Limit, which will include information on steps the client may take to prevent the client from incurring further losses.
42. The Filer also prepares and makes available to its clients, on an ongoing basis and in response to emerging issues in Crypto Assets, educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets.

Platform Operations

43. A Crypto Contract is a bilateral contract between a Client and the Filer. Accordingly, the Filer is a counterparty to all trades entered by Clients on the Platform. For each client transaction, the Filer will also be a counterparty to a corresponding Crypto Asset buy or sell transaction with a crypto asset trading firm or marketplace (**Liquidity Provider**).
44. All Crypto Contracts entered into by clients to buy and sell Crypto Assets are placed with the Filer through the Website or App. Clients are able to submit orders, either in units of the applicable Crypto Asset or in fiat currency, 24 hours a day, 7 days a week. Clients are able to deposit and withdraw certain Crypto Assets and Canadian dollars, 24 hours a day, 7 days a week (or where applicable, for fiat currency, during banking hours).
45. The Filer establishes, maintains, and ensures compliance with policies and procedures that identify and manage conflicts of interest arising from the operation of the Platform and its related services, including conflicts between the interests of its owners, its commercial interests and the responsibilities and sound functioning of the Platform and related services.
46. The Filer relies upon multiple Liquidity Providers to act as sellers of Crypto Assets that may be purchased by the Filer for its clients. Liquidity Providers may also buy any Crypto Assets from the Filer that clients wish to sell.
47. The Filer evaluates the prices obtained from its Liquidity Providers on an ongoing basis against global benchmarks to provide fair and reasonable pricing to its clients.

48. The Filer has taken or will take reasonable steps to verify that each Liquidity Provider is appropriately registered and/or licensed to trade in the Crypto Assets in their home jurisdiction, or that their activities do not require registration in their home jurisdiction, and that they are not in default of securities legislation in the Applicable Jurisdictions. The Filer will cease using a Liquidity Provider upon the direction of the Principal Regulator when the Principal Regulator has concerns relating to the Liquidity Provider.
49. The Filer has verified that each Liquidity Provider has effective policies and procedures to address concerns relating to fair price, fraud and market manipulation.
50. The Filer charges trading commissions on purchases of Crypto Assets at rates disclosed on the Platform under "Fees" and incorporated by reference into the VirgoCX TOS. The total commission payable in respect of a transaction is disclosed to the client prior to confirmation of the order.
51. The Platform continuously obtains prices for the Crypto Assets made available for trading from a Liquidity Provider, after which the Platform incorporates a 'spread' to compensate the Filer to determine the price to offer to clients. The Filer then presents on a continuous basis this adjusted price to clients as the price at which the Filer is willing to transact against a client.
52. If the client finds the price agreeable, the client may enter a market order to transact against the displayed price. Otherwise, the client may enter a "limit order" at a price where the client would be willing to trade and if the price offered by the Platform at a future time meets the price entered by the client, then the client's order will automatically be executed.
53. The Filer promptly ensures that the increase or decrease in Crypto Assets in the client's account resulting from the trade is reflected in the Crypto Asset balances held in custody on the Platform, as described below under "Custody of Crypto Assets". To the extent necessary to fulfil its settlement obligations to clients, the Filer may trade with its Liquidity Providers on a net basis. Where there are net purchases of Crypto Assets over and above what is held in the Filer's inventory, the Filer arranges for the cash to be transferred to the Liquidity Providers and Crypto Assets to be sent by the Liquidity Providers to the Filer. Where there are net sales of Crypto Assets over and above what the Filer wants to hold in inventory, the Filer may sell Crypto Assets to its Liquidity Providers.
54. Trading pairs available on the Platform include Crypto Asset-for-fiat and Crypto Asset-for-Crypto Asset.
55. Clients have access to a complete record of all transactions in their Client Account, including all transfers in of fiat or Crypto Assets, all purchases, sales and withdrawals, and the relevant prices, commissions and withdrawal fees charged in respect of such transactions.
56. Clients can fund their account by transferring in fiat currency or Crypto Assets. Clients can transfer in fiat currency by Interac e-transfer or bank wire, with the minimum and maximum amount for each transfer type set out under "Fees" on the Platform. At this time, the Filer does not charge clients a deposit fee when transferring fiat currency or Crypto Assets into their Client Account.

57. Clients are charged a withdrawal fee when transferring Crypto Assets out of their Client Account to a blockchain address specified by the client. The withdrawal fee varies by Crypto Asset and is disclosed on the Platform under "Fees". Part of the withdrawal fee covers fees charged by the Filer's payment processor to process the withdrawal transaction. The total withdrawal fee payable in respect of a withdrawal is disclosed to the client prior to confirmation of the withdrawal.
58. Prior to transferring Crypto Assets out of a Client Account, the Filer conducts secondary verification of the blockchain address and screens the blockchain address specified by the transferring client using blockchain forensics software.

Pre-trade Controls and Settlement

59. The Filer does not allow clients to enter into a Crypto Contract to buy or sell Crypto Assets unless the Filer has taken steps:
 - (a) to review the Crypto Asset, including the information specified in representation 24;
 - (b) to approve the Crypto Asset, and Crypto Contracts to buy and sell such Crypto Asset, to be made available to clients; and
 - (c) as set out in representation 29, to monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.
60. The Filer's books and records record all of the trades executed on the Platform. No order will be accepted by the Filer unless there are sufficient cash or Crypto Assets available in the Client Account to complete the trade.
61. The Filer does not, and will not, extend margin, credit or other forms of leverage to clients in connection with trading Crypto Assets on the Platform, and will not offer derivatives based on Crypto Assets to clients other than Crypto Contracts.
62. The Filer promptly, and no later than two business days after the trade, settles transactions with the Liquidity Providers on a net basis. Where there are net purchases of Crypto Assets with a Liquidity Provider, the Filer arranges for cash to be transferred to the Liquidity Provider and Crypto Assets to be sent by the Liquidity Provider to the Filer. Where there are net sales of Crypto Assets, the Filer arranges for Crypto Assets to be sent from the Filer to the Liquidity Provider in exchange for cash received by the Filer from the Liquidity Provider.
63. All fees and commissions earned by the Filer are clearly disclosed on the Platform, and the Filer's clients can check the quoted prices for Crypto Assets on the Platform against the prices available on other Registered CTPs in Canada.
64. Clients receive electronic trade confirmations and monthly statements setting out the details of the transaction history in their Client Account. Clients are able to view their transaction history and account balances in real time by accessing their Client Account using the Website or App.

65. In addition to the Risk Statement, Crypto Asset Statement, ongoing education initiatives and the account appropriateness assessment described in representations 35 to 42, the KYP assessments described in representations 24 to 29, and the Client Limits described in representations 35(d) and 41, the Filer also monitors client activity, and contacts clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required. The outcome of this engagement with a client may result, in some cases, in a decision by the Filer to close a client's account.

Custody of Crypto Assets

66. The Filer holds clients' Crypto Assets (i) in blockchain wallets or accounts clearly designated for the benefit of clients or in trust for clients, and (ii) separate and apart from its own assets (including crypto assets held in inventory by the Filer for operational purposes) and from the assets of any custodial service provider. The Filer is not permitted to pledge, re-hypothecate or otherwise use any Crypto Assets owned by its clients.
67. The Filer is proficient and experienced in holding Crypto Assets and has established and applies policies and procedures that manage and mitigate custodial risks, including an effective system of controls and supervision to safeguard Crypto Assets. The Filer also maintains appropriate policies and procedures related to information technology security, cyber-resilience, disaster recovery capabilities, and business continuity plans.
68. The Filer has expertise in and has developed anti-fraud and anti-money-laundering monitoring systems, for both fiat and Crypto Assets, to reduce the likelihood of fraud, money laundering, or client error in sending or receiving Crypto Assets to incorrect wallet addresses.
69. The Filer has and will retain the services of third-party custodians to hold not less than 80% of the total value of Crypto Assets held on behalf of clients. The Filer primarily uses Coinbase Custody Trust Company LLC as custodian (the **Custodian**) and will use other custodians as necessary after reasonable due diligence. The Filer maintains its own hot wallets to hold limited amounts of Crypto Assets that will be used to facilitate client deposit and withdrawal requests and to facilitate trade settlement with Liquidity Providers. However, the majority of Crypto Assets are held with the Custodian. Up to 20% of the Filer's total client Crypto Assets may be held online in: (i) hot wallets secured by Fireblocks Inc. (**Fireblocks**); and (ii) hot wallets secured by the Filer's proprietary software (**Proprietary Hot Wallets**). A maximum of 5% of the Filer's total Client Crypto Assets may be held in the Proprietary Hot Wallets.
70. The Custodian is licensed as a limited purpose trust company with the New York Department of Financial Services (**NYDFS**). The Custodian has completed a Service Organization Controls (**SOC**) report under the SOC 2 – Type 1 and SOC 2 – Type 2 standards from a leading global audit firm. The Filer has conducted due diligence on the Custodian, including, among others, the custodian's policies and procedures for holding Crypto Assets and a review of the Custodian's SOC 2 Type 2 examination reports. The Filer has not identified any material concerns. The Filer has also assessed whether the Custodian meets the definition of an Acceptable Third-party Custodian.

71. The Custodian operates a custody account for the Filer to use for the purpose of holding the clients' Crypto Assets in trust for clients of the Filer.
72. Those Crypto Assets that the Custodian holds in trust for clients of the Filer are held in segregated omnibus accounts in the name of the Filer in trust for or for the benefit of the Filer's clients and are held separate and distinct from the assets of the Filer, the Filer's Affiliates, the Custodian, and the Custodian's other clients.
73. Coinbase Global Inc., the parent company of the Custodian, maintains US\$320 million of insurance (per-incident and overall) which covers losses of assets held by the Custodian, on behalf of its clients due to third-party hacks, copying or theft of private keys, insider theft or dishonest acts by the Custodian employees or executives and loss of keys. The Filer has assessed the Custodian's insurance policy and has determined, based on information that is publicly available and on information provided by the Custodian and considering the scope of the Custodian's business, that the amount of insurance is appropriate.
74. The Custodian has established and applies policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian and to mitigate security breaches and cyber incidents. The Custodian has established and applies written disaster recovery and business continuity plans.
75. The Filer has assessed the risks and benefits of using the Custodian and has determined that in comparison to a Canadian custodian (as that term is defined in NI 31-103), it is more prudent and beneficial to use the Custodian, a U.S. custodian, to hold the Crypto Assets the Custodian supports with the Custodian than using a Canadian custodian.
76. The Filer has established, and will maintain and apply, policies and procedures that are reasonably designed to ensure the Custodian's records related to Crypto Assets that the Custodian holds in trust for clients of the Filer are accurate and complete.
77. All client cash that is being held by the Filer is and will be held by a Canadian financial institution in a designated trust account, in the name of the Filer in trust for clients of the Filer and separate and apart from the Filer's fiat currency balances.
78. The Filer confirms on a daily basis that clients' Crypto Assets held with the Custodian and held by the Filer reconcile with the Filer's books and records to ensure that all clients' Crypto Assets are accounted for. Clients' Crypto Assets held in trust for their benefit in hot wallets and with the Custodian are deemed to be the clients' Crypto Assets in case of the insolvency and/or bankruptcy of the Filer or of the Custodian.
79. Clients are permitted to transfer into their Client Account with the Filer, Crypto Assets they obtained outside the Platform or withdraw from their Client Account with the Filer, Crypto Assets they have purchased pursuant to their Crypto Contracts with the Filer or previously deposited with the Filer. The Filer may not support transfers for all Crypto Assets. Upon request by a client, the Filer will promptly deliver possession and/or control of the Crypto Assets purchased under a Crypto Contract to a blockchain address specified by the client, subject to first satisfying all applicable legal and regulatory requirements, including anti-money laundering requirements and anti-fraud controls.

80. The Filer licenses software from Fireblocks which includes a crypto asset wallet that stores private and public keys and interacts with various blockchains to send and receive crypto assets and monitor balances. Fireblocks uses secure multiparty computation to share signing responsibility for a particular blockchain address among multiple independent persons.
81. The Filer operates the Proprietary Hot Wallets using software developed by the Filer which stores private and public keys and interacts with various blockchains to send and receive crypto assets and monitor balances. The Proprietary Hot Wallets are programmed to operate automatically within specified maximum value thresholds, and any programming changes or manual transactions require the approval of multiple individuals from the Filer's senior management team.
82. Fireblocks has obtained a SOC report under the SOC 2 – Type 2 standard from a leading global audit firm. The Filer has reviewed a copy of the SOC 2 – Type 2 audit report prepared by the auditors of Fireblocks, and has not identified any material concerns.
83. The Filer has licensed software from Digital Assets Services Limited (trading as Coincover) (**Coincover**) to provide additional security for keys to Crypto Assets held by the Filer using Fireblocks, including key pair creation, key pair storage, device access recovery and account access recovery. Coincover is based in the United Kingdom and is regulated by the U.K. Financial Conduct Authority.
84. Backup key material for the Filer's hot wallets secured using Fireblocks is secured by Coincover and 100% covered against loss or theft by a leading global insurance provider. The Filer has also obtained a guarantee through Coincover for the loss of Crypto Assets held in its Fireblocks hot wallets.
85. Fireblocks has insurance coverage in the amount of US\$30 million in aggregate which, in the event of theft of Crypto Assets from hot wallets secured by Fireblocks due to an external cyber breach of Fireblocks' software or any malicious or intentional misbehaviour or fraud committed by employees, will be distributed among applicable Fireblocks customers, which could include the Filer, pursuant to an insurance settlement agreement.
86. In addition, backup key material for the Filer's Fireblocks hot wallets is secured by Coincover and 100% covered against loss or theft by a leading global insurance provider.
87. The insurance obtained by the Filer includes coverage for loss or theft of the Crypto Assets, in accordance with the terms of the Filer's insurance policy and the Filer has assessed the insurance coverage to be sufficient to cover the loss of Crypto Assets, whether held directly by the Filer or indirectly through the Custodian.
88. The Filer will supplement the insurance coverage and guarantee available through its services providers for the loss of Crypto Assets held in its hot wallets, by setting aside cash that will be held in an account at a Canadian financial institution, separate from the Filer's operational accounts and Filer's Client Accounts, in an amount agreed upon with its Principal Regulator. Depending on the circumstances, either funds from the guarantee or the bank account would be available in the event of loss of Crypto Assets held in the Filer's hot wallets secured by Fireblocks. In the event of a loss of Crypto Assets held in the Proprietary Hot Wallets, funds from the bank account will be available.

Capital Requirements

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

Marketplace and Clearing Agency

90. The Filer does not and will not operate a “marketplace” as that term is defined in National Instrument 21-101 *Marketplace Operation* (NI 21-101) and in Ontario, subsection 1(1) of the Act.
91. The Filer does not and will not operate a “clearing agency” or a “clearing house” as the terms are defined or referred to in securities legislation. Any clearing or settlement activity conducted by the Filer is incidental to the Filer engaging in the business of a CTP. Any activities of the Filer that may be considered the activities of a clearing agency or clearing house are related to the Filer arranging or providing for settlement of obligations resulting from agreements entered into on a bilateral basis and without a central counterparty.

Decision

The Principal Regulator is satisfied that the Decision satisfies the test set out in the Legislation for the Principal Regulator to make the Decision and each Coordinated Review Decision Maker is satisfied that the Decision in respect of the Trade Reporting Relief, as applicable, satisfies the tests set out in the securities legislation of its jurisdiction for the Coordinated Review Decision Maker to make the Decision in respect of the Trade Reporting Relief, as applicable.

The Decision of the Principal Regulator under the Legislation is that the Prior Decision is revoked and the Requested Relief is granted, and the Decision of each Coordinated Review Decision Maker under the securities legislation in its jurisdiction is that the Trade Reporting Relief, as applicable, is granted, provided that and for so long as the Filer complies with the following terms and conditions:

- A. Unless otherwise exempted by a further decision of the Principal Regulator and, if required under securities legislation, the regulator or securities regulatory authority of any other Jurisdiction, the Filer complies with all of the terms, conditions, restrictions and requirements applicable to a registered dealer under securities legislation, including the Legislation, and any other terms, conditions, restrictions or requirements imposed by a securities regulatory authority or regulator on the Filer.
- B. The Filer is registered as a restricted dealer or investment dealer in the Jurisdiction and the jurisdiction in which the client is resident.

- C. The Filer will continue to work actively and diligently with the OSC, AMF and CIRO to transition the Filer's registration to investment dealer registration and obtain CIRO membership.
- D. The Filer, and any employee, agent or other representatives of the Filer, will not provide recommendations or advice to any client or prospective client on the Platform.
- E. The Filer will only trade in Crypto Assets or Crypto Contracts based on Crypto Assets that (i) are not securities or derivatives, or (ii) are Value-Referenced Crypto Assets, provided that:
 - (a) the Filer does not allow clients to buy or deposit, or enter into Crypto Contracts to buy or deposit, Value-Referenced Crypto Assets that do not satisfy the conditions set out in section 1 of Appendix C, and
 - (b) by October 31, 2024, the Filer will no longer allow clients to buy or deposit Value-Referenced Crypto Assets, that do not comply with the terms and conditions set out in Appendix C.
- F. The Filer will not operate a "marketplace" as the term is defined in NI 21-101 and in Ontario, in subsection 1(1) of the Act or a "clearing agency" or "clearing house" as the terms are defined or referred to in securities legislation.
- G. The Filer has and will continue to confirm that it is not liable for the debt of an Affiliate or Affiliates that could have a material negative effect on the Filer.
- H. At all times, the Filer will hold not less than 80% of the total value of all Crypto Assets held on behalf of clients with one or more custodians that meets the definition of an "Acceptable Third-party Custodian", unless the Filer has obtained the prior written approval of the Principal Regulator to hold a different percentage with an Acceptable Third-party Custodian or has obtained the prior written approval of the Principal Regulator and the regulator or securities regulatory authority of the other Jurisdictions to hold at least 80% of the total value of the Crypto Assets with an entity that does not meet certain criteria of an Acceptable Third-party Custodian.
- I. Before the Filer holds Crypto Assets with an Acceptable Third-party Custodian, the Filer will take reasonable steps to verify that the custodian:
 - (a) will hold the Crypto Assets for the Filer's clients (i) in an account clearly designated for the benefit of the Filer's clients or in trust for the Filer's clients, (ii) separate and apart from the assets of the Filer, the Filer's Affiliates, and the custodian's other clients, and (iii) separate and apart from the custodian's own assets and from the assets of any custodial service provider;
 - (b) has appropriate insurance to cover the loss of Crypto Assets held at the custodian;
 - (c) has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective

system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian; and

- (d) meets each of the requirements to be an Acceptable Third-party Custodian, except for those criteria in respect of which the custodian does not meet and the Principal Regulator and the regulator or securities regulatory authority of the other Jurisdictions have provided prior written approval for use of the custodian.
- J. The Filer will promptly notify the Principal Regulator if the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, the National Futures Association, the New York State Department of Financial Services or any other regulatory authority applicable to a custodian of the Filer makes a determination that (i) the custodian is not permitted by that regulatory authority to hold client Crypto Assets, or (ii) if there is a change in the status of the custodian as a regulated financial institution. In such a case, the Filer will identify a suitable alternative custody provider that meets the definition of an Acceptable Third-party Custodian to hold the Crypto Assets.
- K. For the Crypto Assets held by the Filer, the Filer will:
 - (a) hold the Crypto Assets for the benefit of and in trust for its clients, and separate and distinct from the assets of the Filer;
 - (b) ensure there is appropriate insurance to cover the loss of Crypto Assets held by the Filer; and
 - (c) have established and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.
- L. The Filer will only use Liquidity Providers that it has verified are registered and/or licensed, to the extent required in their respective home jurisdictions, to execute trades in the Crypto Assets and are not in default of securities legislation in any of the Applicable Jurisdictions, and will promptly stop using a Liquidity Provider if (i) the Filer is made aware that the Liquidity Provider is, or (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada has determined it to be, not in compliance with securities legislation.
- M. The Filer will evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks and will provide fair and reasonable prices to its clients.
- N. The Filer will assess liquidity risk and concentration risk posed by its Liquidity Providers. The liquidity and concentration risks assessment will consider trading volume data (as provided in paragraph 1(e) of Appendix D) and complete a historical analysis of each Liquidity Provider and a relative analysis between the Liquidity Providers. Consideration should be given to whether the Liquidity

Provider has issued its own Proprietary Tokens and to consider limiting reliance on those Liquidity Providers.

- O. Before each prospective client opens a Client Account, the Filer will deliver to the client a Risk Statement and will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
- P. The Risk Statement delivered as set out in condition O will be prominent and separate from other disclosures given to the client as part of the account opening process, and the acknowledgement will be separate from other acknowledgements by the client as part of the account opening process.
- Q. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the Platform.
- R. Before a client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Website and in the App and includes the information set out in representation 40.
- S. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts and/or Crypto Assets and:
 - (a) in the event of any update to the Risk Statement, will promptly notify each existing client of the update and deliver to them a copy of the updated Risk Statement, and
 - (b) in the event of any update to a Crypto Asset Statement, will promptly notify clients through App and Website disclosures, with links to the updated Crypto Asset Statement.
- T. Prior to the Filer delivering a Risk Statement to a client, the Filer will deliver, or will have previously delivered, a copy of the Risk Statement delivered to the client to the Principal Regulator.
- U. For each client, the Filer will perform an appropriateness assessment as described in representation 35 prior to opening a Client Account, on an ongoing basis and at least every twelve months.
- V. The Filer has established and will apply and monitor the Client Limits as set out in representation 35(d).
- W. The Filer will monitor client activity and contact clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required.

- X. The Filer will ensure that the maximum amount of Crypto Assets, excluding Specified Crypto Assets, that a client, other than (i) clients resident in Alberta, British Columbia, Manitoba and Québec, (ii) clients that are permitted clients and (iii) clients that are Registered CTPs, may purchase and sell on the Platform (calculated on a net basis and is an amount not less than \$0) in the preceding 12 months does not exceed a net acquisition cost of \$30,000.
- Y. In the jurisdictions where the Prospectus Relief is required, the first trade of a Crypto Contract is deemed to be a distribution under securities legislation of that jurisdiction.
- Z. The Filer will provide the Principal Regulator with at least 10 days' prior written notice of any:
 - (a) change of or use of a new custodian; and
 - (b) material changes to the Filer's ownership, its business operations, including its systems, or its business model.
- AA. The Filer will notify the Principal Regulator, promptly, of any material breach or failure of the Filer's, its Affiliate's or its custodian's system of controls or supervision that could have a material impact on the Filer, and what steps have been taken by the Filer to address each such breach or failure. The loss of any amount of Crypto Assets will be considered a material breach or failure.
- BB. The Filer will only trade Crypto Assets or Crypto Contracts based on Crypto Assets that are not in and of themselves securities or derivatives.
- CC. The Filer will evaluate Crypto Assets as set out in representations 24 to 29.
- DD. The Filer will not trade Crypto Assets or Crypto Contracts based on Crypto Assets with a client in an Applicable Jurisdiction, without the prior written consent of the regulator or securities regulatory authority of the Applicable Jurisdiction, where the Crypto Assets were issued by or on behalf of a person or company that is or has in the last five years been the subject of an order, judgment, decree, sanction, fine, or administrative penalty imposed by, or has entered into a settlement agreement with, a government or government agency, administrative agency, self-regulatory organization, administrative tribunal or court in Canada or in a Specified Foreign Jurisdiction in relation to a claim based in whole or in part on fraud, theft, deceit, aiding and abetting or otherwise facilitating criminal activity, misrepresentation, violation of Canadian AML/ATF Laws, conspiracy, breach of trust, breach of fiduciary duty, insider trading, market manipulation, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct.
- EE. Except to allow clients to liquidate their positions in an orderly manner in those Crypto Contracts or transfer such Crypto Assets to a blockchain address specified by the client, the Filer will promptly stop trading Crypto Contracts where the underlying asset is a Crypto Asset that (i) the Filer determines it to be, (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada or the

foreign jurisdiction with which the Crypto Asset has the most significant connection determines it to be, or (iii) the Filer is made aware or is informed that the Crypto Asset is viewed by a regulator or securities regulatory authority to be, (i) a security and/or derivative, or (ii) a Value-Referenced Crypto Asset that does not satisfy the conditions set out in condition E.

- FF. The Filer will not engage, without the prior written consent of the Principal Regulator, in trades that are part of, or designed to facilitate the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuers or Affiliates or associates of such persons.
- GG. The Filer will exclude from the excess working capital calculation all the Crypto Assets, including Proprietary Tokens and all Value-Referenced Crypto Assets, it holds for which there is no offsetting by a corresponding current liability, as described in representation 89.

Reporting

- HH. The Filer will deliver the reporting as set out in Appendix D.
- II. Within 7 calendar days from the end of each month, the Filer will deliver to the regulator or securities regulatory authority in each of the Applicable Jurisdictions, a report of all Client Accounts for which the Client Limits established pursuant to representation 35(d) were exceeded during that month.
- JJ. The Filer will deliver to the Principal Regulator, within 30 days of the end of March, June, September and December, either (i) blackline copies of changes made to the policies and procedures on the operations of its wallets (including, but not limited to, establishment of wallets, transfer of Crypto Assets into and out of the wallets, and authorizations to access the wallets) previously delivered to the Principal Regulator, or (ii) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.
- KK. In addition to any other reporting required by the Legislation, the Filer will provide, on a timely basis, any report, data, document or information to the Principal Regulator, including any information about the Filer's custodian(s) and the Crypto Assets held by the Filer's custodian(s), that may be requested by the Principal Regulator from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in the Decision, in a format acceptable to the Principal Regulator.
- LL. Upon request, the Filer will provide the Principal Regulator and the regulators or securities regulatory authorities of each of the Non-Principal Jurisdictions with aggregated and/or anonymized data concerning client demographics and activity on the Platform that may be useful to advance the development of the Canadian regulatory framework for trading crypto assets.
- MM. The Filer will promptly make any changes to its business practices or policies and procedures that may be required to address investor protection concerns that may

be identified by the Filer or by the Principal Regulator arising from the operation of the Platform.

Time Limited Relief

- NN. The Filer will, if it intends to operate the Platform in Ontario and Québec after the expiry of the Decision, take the following steps:
- (a) submit an application to the OSC and the AMF to become registered as an investment dealer no later than October 31, 2024;
 - (b) submit an application with CIRO to become a dealer member no later than October 31, 2024; and
 - (c) work actively and diligently with the OSC, AMF and CIRO to transition the Platform to investment dealer registration and obtain CIRO membership.
- OO. This Decision shall expire on January 31, 2025.
- PP. This Decision may be amended by the Principal Regulator upon prior written notice to the Filer in accordance with applicable securities legislation.

In respect of the Prospectus Relief

Dated: May 23, 2024

"David Surat"

David Surat
Manager, Corporate Finance
Ontario Securities Commission

In respect of the Suitability Relief:

Dated: May 23, 2024

"Michelle Alexander"

Michelle Alexander
Manager, Trading and Markets
Ontario Securities Commission

In respect of the Trade Reporting Relief:

Dated: May 30, 2024

"Michelle Alexander"

Michelle Alexander
Manager, Trading and Markets
Ontario Securities Commission

OSC File# 2024/0095

APPENDIX A - LOCAL TRADE REPORTING RULES

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

- (a) Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**OSC Rule 91-507**)
- (b) Part 3, Data Reporting of Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**MSC Rule 91-507**); and
- (c) Part 3, Data Reporting of Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and Yukon (**MI 96-101**)

APPENDIX B - SPECIFIED CRYPTO ASSETS

- Bitcoin
- Ether
- Bitcoin Cash
- Litecoin
- A Value-Referenced Crypto Asset that complies with condition E

APPENDIX C - TERMS AND CONDITIONS FOR TRADING VALUE-REFERENCED CRYPTO ASSETS WITH CLIENTS

1. The Filer establishes that all of the following conditions are met:
 - a. The Value-Referenced Crypto Asset references, on a one-for-one basis, the value of a single fiat currency (the "reference fiat currency").
 - b. The reference fiat currency is the Canadian dollar or United States dollar.
 - c. The Value-Referenced Crypto Asset entitles a Value-Referenced Crypto Asset holder who maintains an account with the issuer of the Value-Referenced Crypto Asset to a right of redemption, subject only to reasonable publicly disclosed conditions, on demand directly against the issuer of the Value-Referenced Crypto Asset or against the reserve of assets, for the reference fiat currency on a one-to-one basis, less only any fee that is publicly disclosed by the issuer of the Value-Referenced Crypto Asset, and payment of the redemption proceeds within a reasonable period as disclosed by the issuer of the Value-Referenced Crypto Asset.
 - d. The issuer of the Value-Referenced Crypto Asset maintains a reserve of assets that is:
 - i. in the reference fiat currency and is comprised of any of the following:
 1. cash;
 2. investments that are evidence of indebtedness with a remaining term to maturity of 90 days or less and that are issued, or fully and unconditionally guaranteed as to principal and interest, by the government of Canada or the government of the United States;
 3. securities issued by one or more Money Market Funds licensed, regulated or authorized by a regulatory authority in Canada or the United States of America; or
 4. such other assets that the principal regulator of the Filer and the regulator or securities regulatory authority in each Canadian jurisdiction where clients of the Filer reside has consented to in writing;
 - e. all of the assets that comprise the reserve of assets are:
 - i. measured at fair value in accordance with Canadian GAAP for publicly accountable enterprises or U.S. GAAP at the end of each day,
 - ii. held with a Qualified Custodian,
 - iii. held in an account clearly designated for the benefit of the Value-Referenced Crypto Asset holders or in trust for the Value-Referenced Crypto Asset holders,
 - iv. held separate and apart from the assets of the issuer of the Value-Referenced Crypto Asset and its Affiliates and from the reserve of assets of any other Crypto Asset, so that, to the best of the knowledge and belief of the Filer after taking steps that a reasonable person would consider appropriate, including consultation with

experts such as legal counsel, no creditors of the issuer other than the Value-Referenced Crypto Asset holders in their capacity as Value-Referenced Crypto Asset holders, will have recourse to the reserve of assets, in particular in the event of insolvency, and

- v. not encumbered or pledged as collateral at any time; and
 - f. the fair value of the reserve of assets is at least equal to the aggregate nominal value of all outstanding units of the Value-Referenced Crypto Asset at least once each day.
2. The issuer of the Value-Referenced Crypto Asset makes all of the following publicly available:
- a. details of each type, class or series of the Value-Referenced Crypto Asset, including the date the Value-Referenced Crypto Asset was launched and key features and risks of the Value-Referenced Crypto Asset;
 - b. the quantity of all outstanding units of the Value-Referenced Crypto Asset and their aggregate nominal value at least once each business day;
 - c. the names and experience of the persons or companies involved in the issuance and management of the Value-Referenced Crypto Asset, including the issuer of the Value-Referenced Crypto Asset, any manager of the reserve of assets, including any individuals that make investment decisions in respect of the reserve of assets, and any custodian of the reserve of assets;
 - d. the quantity of units of the Value-Referenced Crypto Asset held by the issuer of the Value-Referenced Crypto Asset or any of the persons or companies referred to in paragraph (c) and their nominal value at least once each business day;
 - e. details of how a Value-Referenced Crypto Asset holder can redeem the Value-Referenced Crypto Asset, including any possible restrictions on redemptions such as the requirement for a Value-Referenced Crypto Asset holder to have an account with the issuer of the Value-Referenced Crypto Asset and any criteria to qualify to have an account;
 - f. details of the rights of a Value-Referenced Crypto Asset holder against the issuer of the Value-Referenced Crypto Asset and the reserve of assets, including in the event of insolvency or winding up;
 - g. all fees charged by the issuer of the Value-Referenced Crypto Asset for distributing, trading or redeeming the Value-Referenced Crypto Asset;
 - h. whether Value-Referenced Crypto Asset holders are entitled to any revenues generated by the reserve of assets;
 - i. details of any instances of any of the following:
 - i. the issuer of the Value-Referenced Crypto Asset has suspended or halted redemptions for all Value-Referenced Crypto Asset holders, and

- ii. the issuer of the Value-Referenced Crypto Asset has not been able to satisfy redemption rights at the price or in the time specified in its public policies;
- j. within 45 days of the end of each month, an assurance report from a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America, and that meets the professional standards of that jurisdiction, that complies with all of the following:
 - i. provides reasonable assurance in respect of the assertion by management of the issuer of the Value-Referenced Crypto Asset that the issuer of the Value-Referenced Crypto Asset has met the requirements in paragraphs (1)(d)-(f) as at the last business day of the preceding month and at least one randomly selected day during the preceding month,
 - ii. the randomly selected day referred to in subparagraph (i) is selected by the public accountant and disclosed in the assurance report,
 - iii. for each day referred to in subparagraph (i), management's assertion includes all of the following:
 - 1. details of the composition of the reserve of assets,
 - 2. the fair value of the reserve of assets in subparagraph (1)(e)(i), and
 - 3. the quantity of all outstanding units of the Value-Referenced Crypto Asset in paragraph (b),
 - iv. the assurance report is prepared in accordance with the Handbook, International Standards on Assurance Engagements or attestation standards established by the American Institute of Certified Public Accountants;
- k. starting with the first financial year ending after December 1, 2023, within 120 days of the issuer of the Value-Referenced Crypto Asset's financial year end, annual financial statements of the issuer of the Value-Referenced Crypto Asset that comply with all of the following:
 - i. the annual financial statements include all of the following:
 - 1. a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any,
 - 2. a statement of financial position, signed by at least one director of the issuer of the Value-Referenced Crypto Asset, as at the end of the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any, and
 - 3. notes to the financial statements;
 - ii. the statements are prepared in accordance with one of the following accounting principles:

1. Canadian GAAP applicable to publicly accountable enterprises, and
 2. U.S. GAAP;
 - iii. the statements are audited in accordance with one of the following auditing standards:
 1. Canadian GAAS,
 2. International Standards on Auditing,
 3. U.S. PCAOB GAAS;
 - iv. the statements are accompanied by an auditor's report that:
 1. if (iii)(1) or (2) applies, expresses an unmodified opinion,
 2. if (iii)(3) applies, expresses an unqualified opinion,
 3. identifies the auditing standards used to conduct the audit, and
 4. is prepared and signed by a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America.
3. The Crypto Asset Statement includes all of the following:
- a. a prominent statement that no securities regulatory authority or regulator in Canada has evaluated or endorsed the Crypto Contracts or any of the Crypto Assets made available through the platform;
 - b. a prominent statement that the Value-Referenced Crypto Asset is not the same as and is riskier than a deposit in a bank or holding cash with the Filer;
 - c. a prominent statement that although Value-Referenced Crypto Assets may be commonly referred to as "stablecoins", there is no guarantee that the Value-Referenced Crypto Asset will maintain a stable value when traded on secondary markets or that the reserve of assets will be adequate to satisfy all redemptions;
 - d. a prominent statement that, due to uncertainties in the application of bankruptcy and insolvency law, in the event of the insolvency of [Value-Referenced Crypto Asset issuer], there is a possibility that creditors of [Value-Referenced Crypto Asset issuer] would have rights to the reserve assets that could outrank a Value-Referenced Crypto Asset holder's rights, or otherwise interfere with a Value-Referenced Crypto Asset holder's ability to access the reserve of assets in the event of insolvency;
 - e. a description of the Value-Referenced Crypto Asset and its issuer;
 - f. a description of the due diligence performed by the Filer with respect to the Value-Referenced Crypto Asset;

- g. a brief description of the information in section (2) and links to where the information in that section is publicly available;
 - h. a link to where on its website the issuer of the Value-Referenced Crypto Asset will disclose any event that has or is likely to have a significant effect on the value of the Value-Referenced Crypto Asset or on the reserve of assets;
 - i. a description of the circumstances where the secondary market trading value of the Value-Referenced Crypto Asset may deviate from par with the reference fiat currency and details of any instances where the secondary market trading value of the Value-Referenced Crypto Asset has materially deviated from par with the reference fiat currency during the last 12 months on the Filer's platform;
 - j. a brief description of any risks to the client resulting from the trading of a Value-Referenced Crypto Asset or a Crypto Contract in respect of a Value-Referenced Crypto Asset that may not have been distributed in compliance with securities laws;
 - k. any other risks specific to the Value-Referenced Crypto Asset, including the risks arising from the fact that the Filer may not, and a client does not, have a direct redemption right with the issuer of the Value-Referenced Crypto Asset;
 - l. a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the platform;
 - m. a statement that the statutory rights in section 130.1 of the Act and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in the Decision;
 - n. the date on which the information was last updated.
4. If the Filer uses the term "stablecoin" or "stablecoins" in any information, communication, advertising or social media related to the Platform and targeted at or accessible by Canadian investors, the Filer will also include the following statement (or a link to the following statement when impractical to include):
- "Although the term "stablecoin" is commonly used, there is no guarantee that the asset will maintain a stable value in relation to the value of the reference asset when traded on secondary markets or that the reserve of assets, if there is one, will be adequate to satisfy all redemptions."
5. The issuer of the Value-Referenced Crypto Asset has filed an undertaking acceptable to the CSA in substantially the same form as set out in Appendix B of CSA Notice 21-333 *Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients* (**CSA SN 21-333**).
6. The KYP Policy of the Filer requires the Filer to assess whether the Value-Referenced Crypto Asset or the issuer of the Value-Referenced Crypto Asset satisfies the criteria in sections (1), (2) and (5) of this Appendix on an ongoing basis.

7. The Filer has policies and procedures to facilitate halting or suspending deposits or purchases of the Value-Referenced Crypto Asset, or Crypto Contracts in respect of the Value-Referenced Crypto Asset, as quickly as is commercially reasonable, if the Value-Referenced Crypto Asset no longer satisfies the criteria in sections (1), (2) and (5) of this Appendix.

In this Appendix, terms have the meanings set out in Appendix D of CSA SN 21-333.

APPENDIX D - DATA REPORTING

1. Commencing with the quarter ending December 31, 2023, the Filer will deliver the following information to the Principal Regulator and each of the Coordinated Review Decision Makers in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers with respect to clients residing in the Jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December.
 - a. aggregate reporting of activity conducted pursuant to the Platform's operations that will include the following:
 - i. number of Client Accounts opened each month in the quarter;
 - ii. number of Client Accounts frozen or closed each month in the quarter;
 - iii. number of Client Account applications rejected by the platform each month in the quarter based on the account appropriateness factors described in representation 35(b);
 - iv. number of trades each month in the quarter;
 - v. average value of the trades in each month in the quarter;
 - vi. number of Client Accounts with a net acquisition cost greater than \$30,000 of Crypto Assets at the end of each month in the quarter;
 - vii. number of Client Accounts that in the preceding 12 months, excluding Specified Crypto Assets, exceeded a net acquisition cost of \$30,000 at the end of each month in the quarter;
 - viii. number of Client Accounts at the end of each month in the quarter;
 - ix. number of Client Accounts with no trades during the quarter;
 - x. number of Client Accounts that have not been funded at the end of each month in the quarter; and
 - xi. number of Client Accounts that hold a positive amount of Crypto Assets at end of each month in the quarter; and
 - xii. number of Client Accounts that exceeded their Client Limit at the end of each month in the quarter.
 - b. the details of any client complaints received by the Filer during the calendar quarter and how such complaints were addressed;
 - c. a listing of all blockchain addresses, except for deposit addresses, that hold Crypto Assets on behalf of clients, including all hot and cold wallets;
 - d. the details of any fraudulent activity or cybersecurity incidents on the Platform during the calendar quarter, any resulting harms and effects on clients, and the corrective

- measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future; and
- e. the details of the transaction volume per Liquidity Provider, per Crypto Asset during the quarter.
2. The Filer will deliver to the Principal Regulator and each of the Coordinated Review Decision Makers, in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers, a report that includes the anonymized account-level data for the Platform's operations for each client residing in the Jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December for data elements outlined in Appendix E.

APPENDIX E - DATA ELEMENT DEFINITIONS, FORMATS AND ALLOWABLE VALUES

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

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

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

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

Number	Data Element Name	Definition for Data Element ¹	Format	Values	Example
17	Value of Digital Token Held	Value of the Digital Token held as of the end of the reporting period.	Num(25,0)	Any value greater than or equal to zero rounded to the nearest dollar in CAD. Use the unit price of the Digital Token as of the last business day of the reporting period multiplied by the quantity held as reported in (16).	45177788
18	Client Limit	The Client Limit established on each account.	Num(25,2)	Any value greater than or equal to zero rounded to the nearest dollar in CAD, or if a percentage, in decimal format.	0.50
19	Client Limit Type	The type of limit as reported in (18).	Char(3)	AMT (amount) or PER (percent).	PER