[Original Text in French]

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January 8th, 2025

IN THE MATTER OF
THE SECURITIES LEGISLATION OF QUÉBEC AND ONTARIO
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
SHAKEPAY 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 Canadian Securities Administrators / Investment Industry Regulatory Organization of Canada Staff Notice 21-329 Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements (**Staff Notice 21-329**), securities legislation applies to crypto asset trading platforms (**CTPs**) that facilitate or propose to facilitate the trading of instruments or contracts involving crypto assets because the user's contractual right to the crypto asset may itself constitute a security and/or a derivative (**Crypto Contract**).

To foster innovation and respond to novel circumstances, the Canadian Securities Administrators (**CSA**) has considered a registration framework that would allow CTPs to operate within a regulated environment, with regulatory requirements tailored to the CTPs' operations. The overall goal of the regulatory framework is to ensure there is a balance between the need to be flexible

and to facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer is currently registered in the category of investment dealer in all of the Applicable Jurisdictions (as defined below). The Filer has applied for membership with, and has been approved to be admitted as a dealer member of, the Canadian Investment Regulatory Organization (**CIRO**). In connection with its previous registration as a restricted dealer, the Filer has previously applied for and received exemptive relief in the decision 2023-SACD-1031528 dated May 25, 2023 (the **Prior Decision**) on terms substantially similar to this decision (**Decision**).

Under the terms and conditions of the Prior Decision and the terms and conditions imposed on its previous registration as a restricted dealer, 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 to the Filer under the Prior Decision, which was due to expire on May 25, 2025, is no longer in effect.

The Filer has submitted an application for exemptive relief in order to continue to operate the Platform upon acceptance into CIRO membership of the Filer, and to incorporate the terms and conditions into the Decision related to the Filer's intended future 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 Québec and Ontario (the **Dual Exemption Decision Makers**) have received an application from the Filer (the **Dual Application**) for a decision under the securities legislation of those jurisdictions (the **Legislation**) exempting the Filer from 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 (as defined below) (the **Prospectus Relief**).

The Ontario Securities Commission (the **OSC**) and the securities regulatory authority or regulator in 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 Dual 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, the **Requested Relief**).

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

(a) the Autorité des marchés financiers is the principal regulator for the Dual Application (the **Principal Regulator**),

(b) the Decision in respect of the Dual Application is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario,

(c) in respect of the Prospectus Relief, the Filer has provided notice that, in the jurisdictions where required, subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System*, RLRQ, c. V-1.1, r.1 (**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 Québec and Ontario, the **Applicable Jurisdictions**),

(d) the OSC has been selected as the principal regulator in relation to the Trade Reporting Relief, as the requirements for which such relief is being requested are not applicable under Québec's securities legislation and the Filer has filed with the Coordinated Review Decision Makers its application and supporting materials in relation to the Trade Reporting Relief, and

(e) the decision in respect of the Trade Reporting Relief is the decision of the OSC and evidences the decision of each Coordinated Review Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, RLRQ, c. V-1.1, r.3 (**NI 14-101**), 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 respectively defined in NI 14-101 and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, RLRQ, c. V-1.1, r.10 (**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) “Apps” means iOS and Android applications that provide access to the Platform.

(c) “Crypto Asset” means an asset commonly considered a crypto asset, digital or virtual currency, or digital or virtual token.

(d) “IOSCO” means the International Organization of Securities Commissions.

(e) “Proprietary Token” means a Crypto Asset that is not a Value-Referenced Crypto Asset, and for which the Filer or an affiliate of the Filer acted as the issuer (and mints or burns the Crypto Asset) or a promoter.

(f) “Specified Crypto Asset” means the Crypto Assets listed in Appendix B to this Decision.

(g) “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, and the United States of America, and any other jurisdiction that the Principal Regulator may advise.

(h) “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.

(i) “Website” means the website www.shakepay.com 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 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:

1. The Filer is a corporation incorporated under the federal laws of Canada with its principal office in Montréal, Québec.

2. The Filer is a wholly owned subsidiary of Shake Labs Inc., a corporation incorporated under the federal laws of Canada.

3. The Filer's affiliate, Shakepay Financial Inc., (**SFI**) is a corporation incorporated under the laws of Canada. SFI does not engage in any activity that would fall within the scope of Canadian securities legislation.

4. The Filer is registered as a money services business under regulations made under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17 (Canada).

5. The Filer is registered as a dealer in the category of investment dealer with the Applicable Jurisdictions and is a member of CIRO.

6. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada.

7. The Filer's books and records, financial controls and compliance systems (including its policies and procedures) are in compliance with CIRO requirements.

8. The Filer's personnel consists, and will consist, of software engineers, compliance professionals and finance professionals who each have experience operating in a regulated financial services environment and expertise in blockchain technology. All of the Filer's personnel have passed and new personnel will have passed criminal records and credit checks.

9. The Filer is not in default of securities legislation of any jurisdictions of Canada.

The Filer's Business

10. The Filer operates a crypto trading platform under the business name of "Shakepay".

11. The Platform, which is accessible through the App and the Website, uses a proprietary internet-based system that enables clients to buy, sell, hold, deposit and withdraw Crypto Assets through the Filer. The Filer also offers a money and Crypto Asset transfer service, allowing clients to send or receive fiat currency or Crypto Assets to another client or to any external address.

12. The Filer's affiliate, SFI, will offer a prepaid card, providing clients who opt to use the card, the ability to use their fiat balance for purchases and some fiat payments activities, such as bill payments. SFI will not engage in any business relating to Crypto

Assets. Any Bitcoin rewards earned from the use of the prepaid card (or from other services offered by the Filer or SFI) will be held in the Client's account at the Filer and not the Client's account at SFI.

13. The rights and obligations of the Filer and of each client under the Crypto Contracts are set out in a user agreement (the **Client Account Agreement**) which is accepted by clients at the time a client opens an account (each, a **Client Account**). The Client Account Agreement governs all activities in Client Accounts, including with respect to all Crypto Assets purchased on, or transferred to, the Platform (**Client Assets**). The Filer will email each client a copy of the Client Account Agreement on Monday, December 2, 2024. On the same day, the Filer will also provide notification in the App that the new Client Account Agreement is in effect.

14. 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.

15. 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.

16. The Filer is a member firm of the Canadian Investor Protection Fund (**CIPF**), but the Crypto Assets in the Filer's custody will not qualify for CIPF coverage.

17. The Filer complies with sections 168.1.1 to 168.1.8 of the *Securities Act*, RLRQ, c. V-1.1 (Québec) and, in each Applicable Jurisdiction other than Québec, makes available to clients the services of the Ombudsman for Banking Services and Investments to resolve complaints made by clients.

18. The Filer has established, and will maintain and ensure compliance with, policies and procedures to identify and manage conflicts of interest arising from the operation of the Platform and its related services, including conflicts between the interests of the Filer's owners, its commercial interests and the responsibilities and sound functioning of the Platform and related services.

Crypto Assets Made Available through the Platform

19. The Filer has established and applies policies and procedures to review Crypto Assets and to determine whether to allow clients on its Platform to enter into Crypto Contracts to buy, sell or hold the Crypto Asset on its Platform in accordance with the know-your-product (**KYP**) provisions in NI 31-103 (the **KYP Policy**). Such review includes, but is not limited to, publicly available information concerning:

a. the creation, governance, usage and design of the Crypto Asset, including the source code, security and roadmap for growth in the developer community and, if applicable, the background of the developer(s) that created the Crypto Asset;

b. the supply, demand, maturity, utility and liquidity of the Crypto Asset;

c. material technical risks associated with the Crypto Asset, including any code defects, security breaches and other threats concerning the Crypto Asset and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and

d. legal and regulatory risks associated with the Crypto Asset, including any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of the Crypto Asset.

20. The Filer only offers and allows clients the ability to enter into Crypto Contracts to buy, sell or hold Crypto Assets that (i) are not each themselves a security and/or a derivative, or (ii) are Value-Referenced Crypto Assets that are in accordance with condition (d) of this Decision.

21. The Filer does not allow a client to enter into a Crypto Contract, to buy and sell Crypto Assets unless the Filer has taken steps to:

a. assess the relevant aspects of the Crypto Asset pursuant to the KYP Policy, including the information specified in representation19, to determine whether it is appropriate for its clients;

b. approve the Crypto Asset and the Crypto Contracts related to 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.

22. The Filer is not engaged, and will not engage, in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuers or affiliates or associates of such persons.

23. As set out in the KYP Policy, the Filer will determine whether a Crypto Asset available to be bought or sold through a Crypto Contract is a security and/or derivative and is being offered in compliance with securities and derivatives laws, which include but are not limited to:

a. consideration of statements made by any regulators or securities regulatory authorities of the Applicable Jurisdictions, other regulators in IOSCO member jurisdictions, or the regulator with the most significant connection to a Crypto Asset about whether the Crypto Asset, or generally about whether the type of Crypto Asset, is a security and/or derivative; and

b. if the Filer determines it to be necessary, obtaining legal advice as to whether the Crypto Asset is a security and/or derivative under securities legislation of the Applicable Jurisdictions.

24. 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 paragraphs 19 to 23) to change.

25. The Filer acknowledges that any determination made by the Filer as set out in representations 19 to 23 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.

26. The Filer has established and will apply 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.

Account Opening

27. Subject to the Filer determining that it is appropriate for a Client Account to be opened, the Platform will be available to any individual, corporation, or other legal person where it may lawfully be offered in their local jurisdiction, and if an individual, who has reached the age of majority in the jurisdiction in which they are resident, and who has the legal capacity to open a securities brokerage account. The Platform is currently available only to individuals who are a resident of Canada and corporations or other legal persons that are Canadian-registered. However, the Filer may in the future make the Platform available to individuals who are resident in foreign jurisdictions and corporations and other legal persons that are registered in foreign jurisdictions in accordance with the laws of such foreign jurisdictions, and in that case, those non-Canadian clients would not be required to hold an account with a Canadian financial institution.

28. Clients open a Client Account using the App or Website. The Filer collects, and will continue to collect, know-your-client (**KYC**) information that satisfies the identity verification requirements applicable to reporting entities under anti-money laundering (**AML**) and anti-terrorist financing (**ATF**) laws, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17 (Canada), and CIRO requirements.

29. 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 below).

30. As part of the account opening process:

    a. In addition to the account opening assessment required under CIRO guidance for dealer members offering OEO account services, the Filer will assess "account appropriateness". Specifically, the Filer will collect KYC information and, prior to opening a Client Account, use electronic questionnaires to collect information that the Filer will use to determine whether it is appropriate for a prospective client to enter into Crypto Contracts with the Filer to buy and sell Crypto Assets. The account appropriateness assessment conducted by the Filer will consider the following factors:

        i. the client's experience and knowledge in investing in Crypto Assets;

        ii. the client's financial assets and income;

        iii. the client's risk and loss tolerance; and

        iv. the Crypto Assets approved to be made available to a client by entering into Crypto Contracts on the Platform.

    b. After completion of the account-level appropriateness assessment, a prospective client will receive electronically appropriate messaging about using the Platform to enter into Crypto Contracts, which, in circumstances where the Filer has evaluated that entering into Crypto Contracts with the Filer is not appropriate for the client, will include prominent messaging to the client that this is the case and that the client will not be permitted to open a Client Account with the Filer.

    c. The Filer has adopted and will apply policies and procedures to conduct an assessment to establish appropriate limits on the losses that a client can incur, what limits will apply to such client based on the information collected in paragraph (a) above (**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.

d. The Filer will provide 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 a member of the **CIPF** but 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 sections 217 and 221 of the *Securities Act*, RLRQ, c. V-1.1 (Québec) and section 130.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (Ontario) 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 Application; and

xi. the date on which the information was last updated.

31. In order for a prospective client to open and operate a Client Account with the Filer, the Filer will obtain an electronic acknowledgement from the prospective client confirming that the prospective client has received, read and understood the Risk Statement. Such acknowledgement will be prominent and separate from other acknowledgements provided by the prospective client as part of the account opening process.

32. A copy of the Risk Statement acknowledged by a client will be made available by the Filer to the client in the same place as the client's other statements on the Platform.

33. The Filer applies 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.

34. Before a client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Website or Apps.

35. Each Crypto Asset Statement will include:

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 and the background of the developer(s) that 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 sections 217 and 221 of the *Securities Act*, RLRQ, c. V-1.1 (Québec) and section 130.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (Ontario) 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.

36. In addition to any monitoring required by CIRO, the Filer will monitor 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.

37. The Filer will monitor compliance with the Client Limits established in paragraph30(c). 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.

38. The Filer will also periodically prepare and make available to its clients educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets.

Platform Operations

39. All Crypto Contracts entered into by clients to buy and sell Crypto Assets will be placed with the Filer through the App or the Website.

40. A Crypto Contract is a bilateral contract between the client and the Filer. The Filer is the counterparty to all trades entered by the clients on the Platform.

41. Clients will be 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 Crypto Assets and fiat currency, 24 hours a day, 7 days a week (or where applicable, for fiat currency during banking hours).

42. The Filer is a counterparty to each trade. However, the Filer shall at no time trade against its clients for speculative purposes. The Filer manages its inventory by trading in other markets through multiple crypto asset trading firms or marketplaces (**Liquidity Providers**). The Filer is compensated by a "spread" that is added to the best observed price at which it can buy the Crypto Asset through Liquidity Providers or subtracted from the best observed price at which it can sell the Crypto Asset through Liquidity Providers. The "spread" is disclosed on the Platform. After an order has been initiated by a client, the Filer will present this adjusted price to the client as a price quote at which the Filer is willing to transact with the client, absent unusual market conditions or technological problems. The quote will include a target range within which the spread is anticipated to fall. If the client finds the price agreeable, the client will accept the price and agree to the trade.

43. The Filer will evaluate the prices obtained from its Liquidity Providers on an ongoing basis against recognized benchmarks to provide fair and reasonable pricing to its clients. If the Filer concludes from its review that it is not providing fair and reasonable pricing to its clients, it will take steps to address this.

44. The Filer has taken and 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.

45. The Filer has verified that each Liquidity Provider has effective policies and procedures to address concerns relating to fair price, fraud and market manipulation.

46. At a future point, the Filer may also offer over-the-counter (**OTC**) trading services. These services will be subject to securities legislation, including the terms and conditions of this Decision. The OTC trading services offered by the Filer will allow clients to place orders relating to Crypto Contracts "off Platform" through one of the Filer's designated representatives. The OTC trading services provide clients with more liquidity sources and a personalized service and is intended to primarily service institutions and high net-worth individuals.

47. In offering OTC services the Filer will only sell Crypto Assets that the Filer has reasonably determined are not securities or derivatives following the procedures set out in representations 21 to 25 of this Decision. The Filer acknowledges that any determination made by the Filer as set out in representations 21 to 25 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 the Filer may sell is a security and/or derivative.

48. An affiliate of the Filer may also operate an OTC trading platform (the **Affiliate OTC Platform**) that provides for immediate delivery, as described in Staff Notice 21-327, of the Crypto Asset being traded. The Filer will complete an assessment of all Crypto Assets traded on or through the Affiliate OTC Platform, and determine that the assets are not securities or derivatives. Clients of the Affiliate OTC Platform are not required to open an account with the Filer.

Pre-trade Controls and Settlement

49. The Filer will not allow clients to enter into a Crypto Contract relating to Crypto Assets unless the Filer has taken steps:

    a. to review the Crypto Asset, including the information specified in paragraph 19;
    b. to approve the Crypto Asset, and Crypto Contracts related to such Crypto Asset, to be made available to clients; and
    c. as set out in paragraph 24, to monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.

50. The Filer's books and records will record all of the trades executed on the Platform. No order will be accepted by the Filer unless there is sufficient cash or Crypto Assets available in the relevant Client Account to complete the trade.

51. The Filer will not (except in accordance with CIRO rules and with prior written consent of CIRO) 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.

52. Where applicable, 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 from Liquidity Providers, 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's hot wallets. Where there are net sales of Crypto Assets, the Filer arranges for Crypto Assets to be sent from the Filer's custodian to the Liquidity Providers in exchange for cash received by the Filer from the Liquidity Providers.

53. Clients will receive electronic trade confirmations and monthly statements setting out the details of the transaction history in their Client Account. Clients will be able to view their transaction history and account balances in real time by accessing their Client Account using the App or Website.

54. In addition to the Risk Statement, Crypto Asset Statement and ongoing education initiatives described in paragraphs 30 to 38, and the account appropriateness assessment described in paragraph 29(a), the KYP assessments described in paragraphs 19 to 24, and the Client Limits described in paragraphs 30(c) and 37, the Filer will also 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. 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

55. The Filer will hold clients' Crypto Assets (i) in blockchain wallets or accounts clearly designated for the benefit of clients or in trust for clients, (ii) separate and apart from its own assets (including crypto assets held in inventory by the Filer for operational purposes) and from the assets of any custodial service provider, and (iii) separate and apart from the assets of non-Canadian clients. The Filer is not permitted to pledge, re-hypothecate or otherwise use any Crypto Assets owned by its clients.

56. 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.

57. 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.

58. The Filer will maintain 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 will be held with Acceptable Third-party Custodians regulated as trust companies (the **Custodians**).

59. The Filer has conducted due diligence on the Custodians, including, among others, the Custodians' policies and procedures for holding Crypto Assets and a review of their respective SOC 2 Type 2 examination reports. The Filer has not identified any material concerns. The Filer has also assessed whether each Custodian meets the definition of an Acceptable Third-party Custodian.

60. The Custodians will operate custody accounts for the Filer to use for the purpose of holding the clients' Crypto Assets in trust for clients of the Filer.

61. Those Crypto Assets that the Custodians will hold in trust for clients of the Filer will be held in segregated omnibus accounts in the name of the Filer in trust for or for the benefit of the Filer's clients and will be held separate and distinct from the assets of the Filer, the Filer's affiliates, and the Custodians' other clients.

62. Each Custodian has established and applies policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian and to mitigate security breaches and cyber incidents. Each Custodian has established and applies written disaster recovery and business continuity plans.

63. The Filer considers it prudent to maintain relationships with more than one custodian so that it can provide back-up custodial services in appropriate circumstances for Crypto Assets supported by the Filer.

64. The Custodians do not and will not hold client cash. Each client of the Filer will have a Client Account with the Filer for the purpose of holding cash and Client Assets that the client may use to engage in transactions on the Platform. All cash in Client Accounts will be held in accordance with CIRO requirements.

65. Each of the Custodians maintains an appropriate level of insurance for Crypto Assets held by the Custodian. The Filer has assessed the Custodians' insurance policies and has determined, based on information that is publicly available and on information provided by the Custodians and considering the controls of the Custodians' business, that the amount of insurance is appropriate.

66. The Filer will confirm on each business day that clients' Crypto Assets held with the Custodians and held by the Filer reconcile with the Filer's books and records to ensure that all clients' Crypto Assets are accounted for. Clients' Crypto Assets held in trust for or for their benefit in hot wallets and with Custodians are deemed to be the clients' Crypto Assets in case of the insolvency and/or bankruptcy of the Filer or of its Custodians.

67. Clients will be 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. 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.

68. The Filer has licensed software from Fireblocks Ltd. and BitGo Inc. (together the **Hot Wallet Providers**) which include crypto asset wallets that store private and public keys and interact with various blockchains to send and receive crypto assets and monitor balances. Both Hot Wallet Providers use secure multiparty computation to share signing responsibility for a particular blockchain address among multiple independent persons.

69. Each Hot Wallet Provider has obtained a SOC report under the SOC 2 Type 2 standards from a leading global audit firm. The Filer has reviewed copies of the SOC 2 Type 2 audit reports prepared by the auditors of each Hot Wallet Provider and has not identified any material concerns.

70. The Filer has licensed software from Digital Assets Services Limited (trading as Coincover) (**Coincover**) to provide additional security for cryptographic keys to Crypto Assets held by the Filer using the Hot Wallet Providers, 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.

71. Backup cryptographic key material for the Filer's hot wallets is secured by Coincover and also covered up to specific limits against loss or theft by a leading global insurance provider.

72. Each Hot Wallet Provider has independent insurance coverage which, in the event of theft of crypto assets from hot wallets secured by the Hot Wallet Provider due to an external cyber breach of the Hot Wallet Provider's software or any malicious or intentional misbehaviour or fraud committed by employees of the Hot Wallet Provider, will be distributed among applicable Hot Wallet Provider customers, which could include the Filer, pursuant to an insurance settlement agreement.

73. Coincover also acts as a backup provider ensuring access to wallets provided by the Hot Wallet Providers, should access to the wallets provided by the Hot Wallet Providers be compromised.

74. 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 policies. Specifically, the Filer has coverage under a crime bond that provides insurance against losses for Crypto Assets held in both hot and cold storage. The Filer has assessed the insurance coverage to be sufficient to cover the loss of Crypto Assets, whether held directly by the Filer or indirectly through the Custodians.

Marketplace and Clearing Agency

75. The Filer does not and will not operate a "marketplace" as that term is defined in National Instrument 21-101 *Marketplace Operation*, RLRQ, c. V-1.1, r. 5 and in Ontario, subsection 1(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (Ontario).

76. 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

Each of the Dual Exemption Decision Makers is satisfied that the Decision satisfies the test set out in the Legislation for the Dual Exemption Decision Makers 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 Dual Exemption Decision Makers under the Legislation is that the Prior Decision is revoked and the Prospectus Relief is granted effective January 8th, 2025, 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:

(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 Applicable Jurisdiction, the Filer complies with all of the terms, conditions, restrictions and requirements applicable to a registered dealer under securities legislation, including the Legislation, and any other terms, conditions, restrictions or requirements imposed by a securities regulatory authority or regulator on the Filer.

(b) The Filer is registered as an investment dealer in the Applicable Jurisdictions and the jurisdiction in which the client is resident, and is a member of CIRO.

(c) The Filer will comply with terms and conditions or other requirements imposed by CIRO, and for any change in business, the Filer will submit an application to CIRO and comply with any and all terms and conditions imposed by CIRO as a result of the change in business.

(d) The Filer will only engage in the business of trading Crypto Assets or Crypto Contracts in relation to Crypto Assets that (i) are not securities and/or derivatives, or (ii) are Value-Referenced Crypto Assets that comply with the terms and conditions set out in Appendix C.

(e) The Filer will not operate a "marketplace" as the term is defined in National Instrument 21-101 *Marketplace Operation*, RLRQ, c. V-1.1, r. 5 and in Ontario, in subsection 1(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (Ontario) or a "clearing agency" or "clearing house" as the terms are defined or referred to in securities legislation.

(f) The Filer has and will continue to confirm that it is not liable for the debt of an affiliate or affiliates that could have a material negative effect on the Filer, except as required under the Investment Dealer and Partially Consolidated Rules (**IDPC Rules**) with respect to related companies (as defined in the IDPC Rules).

(g) 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.

(h) Before the Filer holds Crypto Assets with an Acceptable Third-party Custodian, the Filer will take reasonable steps to verify that the custodian:

    i. will hold the Crypto Assets for the Filer's clients (i) in an account clearly designated for the benefit of the Filer's clients or in trust for the Filer's clients, (ii) separate and apart from the assets of the custodian's other clients, and (iii)

separate and apart from the custodian's own assets and from the assets of any custodial service provider;

ii. has appropriate insurance to cover the loss of Crypto Assets held at the custodian;

iii. has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian;

iv. has obtained a SOC 2 Type 1 or SOC 2 Type 2 report within the last twelve months, unless the Filer has obtained a comparable report recognized by a similar accreditation board satisfactory to the Filer's Principal Regulator and the regulator or securities regulatory authority of the other Applicable Jurisdictions; and

v. 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 Applicable Jurisdictions have provided prior written approval for use of the custodian.

(i) 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 South Dakota Division of Banking or 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 Filer's 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 or trust company. In such a case, the Filer will take immediate steps to identify a suitable alternative custody provider that meets the definition of an Acceptable Third-party Custodian to hold the Crypto Assets.

(j) For the Crypto Assets held by the Filer, the Filer will:

i. hold the Crypto Assets in trust for the benefit of its clients, and separate and distinct from the assets of the Filer;

ii. ensure there is appropriate insurance for the loss of Crypto Assets held by the Filer; and

iii. have established and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.

(k) The Filer uses or will only use Liquidity Providers that it has verified are 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.

(l) When the Filer trades with its clients on a principal basis in its capacity as a dealer, the Filer will abide by policies it has adopted with a view to providing fair and reasonable prices to its clients.

(m) The Filer will evaluate the prices offered to its clients based against global benchmarks and will ensure, on an ongoing basis, that it is providing 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 including the information set out in paragraph 35.

(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,

i. in the event of any update to the Risk Statement, will promptly notify each existing client of the update and deliver to them a copy of the updated Risk Statement, and

ii. in the event of any update to a Crypto Asset Statement, will promptly notify clients through electronic disclosures on the Platform, with links to the updated Crypto Asset Statement.

(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 paragraph 30 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 paragraph 30(c).

(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, except those clients resident in Alberta, British Columbia,

Manitoba and Québec, may enter into Crypto Contracts to purchase and sell on the Platform (calculated on a net basis and is an amount not less than $0) in the preceding 12 months 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:

i. change of or use of a new custodian; and

ii. material changes to the Filer's ownership, its business operations, including its systems, or its business model.

(aa) The Filer will notify CIRO and the Principal Regulator, promptly, of any material breach or failure of its or its custodian's system of controls or supervision, 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 its KYP Policy described in paragraphs 19 to 24.

(dd) The Filer will not trade Crypto Assets or Crypto Contracts based on Crypto Assets with a client, without the prior written consent of the regulator or securities regulatory authority of the Applicable Jurisdictions, where the Crypto Assets was issued by or on behalf of a person or company that is or has in the last five years been the subject of an order, judgment, decree, sanction, fine, or administrative penalty imposed by, or has entered into a settlement agreement with, a government or government agency, administrative agency, self-regulatory organization, administrative tribunal or court in Canada or in a Specified Foreign Jurisdiction in relation to a claim based in whole or in part on fraud, theft, deceit, aiding and abetting or otherwise facilitating criminal activity, misrepresentation, violation of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17 (Canada), 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) The Filer will not commence trading in Crypto Contracts and, 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 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 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,

a security and/or derivative.

(ff) The Filer will not engage in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuers or affiliates or associates of such persons.

Reporting

(gg) The Filer will deliver the reporting as set out in Appendix D.

(hh) 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 paragraph 30(c) were exceeded during that month.

(ii) The Filer will deliver to the Principal Regulator, within 30 days of the end of each March, June, September and December, either (i) blackline copies of changes made to the policies and procedures on the operations of its wallets (including, but not limited to, establishment of wallets, transfer of Crypto Assets into and out of the wallets, and authorizations to access the wallets) previously delivered to the Principal Regulator or (ii) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.

(jj) The Filer will deliver to the Principal Regulator, in a form and format acceptable to the Principal Regulator, a report that includes the following aggregated quarterly information

relating to trading activity on the Platform within 30 days of the end of each March, June, September and December:

i. total number of trades and total traded value on a by pair basis; and

ii. total number of executed client orders and total value of executed client orders on a by pair basis, with each such reported value further broken out by the proportion of executed market orders compared to executed limit orders.

(kk) The Filer will provide to the Principal Regulator quarterly summary statistics on its trade monitoring and complaint handling activities in relation to the Platform, including the following:

i. the number of instances of improper trading activity identified, by category, and the proportion of each such category that arose from client complaints/reports;

ii. the number of instances in (i) that were further investigated or reviewed, by category;

iii. the number of investigations in (ii), by category, that were closed with no action;

iv. a summary of each investigation in (ii) that was escalated for action to be taken, including a description of the action taken in each case; and

v. a summary of the status of any open investigations.

(ll) 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. Unless otherwise prohibited under applicable law, the Filer will share with the Principal Regulator information relating to regulatory and enforcement matters that will materially impact its business.

(mm) Upon request, the Filer will provide the Principal Regulator and the Coordinated Review Decision Makers 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.

(nn) 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 or CIRO arising from the operation of the Platform.

Notification to Principal Regulator

(oo) The Filer will promptly notify the Principal Regulator and indicate what steps have been taken by the Filer to address the situation should any of the following occur*:*

i. any failure or breach of systems of controls or supervision that has a material impact on the Filer, including when they:

a) involve the Filer's business;

b) involve the services or business of an affiliate of the Filer;

c) involve the Acceptable Third-party Custodian;

d) are cybersecurity breaches of the Filer, an affiliate of the Filer, or services that impact the Filer;

e) are a malfunction, delay, or security breach of the systems or controls relating to the operation of the marketplace, clearing or settlement functions;

f) any amount of specified Crypto Assets are identified as lost;

ii. any investigations of, or regulatory action against, the Filer, or an affiliate of the Filer, by a regulatory authority in any jurisdiction in which it operates which may impact the operations of the Filer;

iii. details of any litigation instituted against the Filer, or an affiliate of the Filer, which may impact the operation of the Filer*;*

iv. notification that the Filer, or an affiliate of the Filer, has instituted a petition for a judgment of bankruptcy, insolvency, or similar relief, or to wind up or liquidate the Filer, or an affiliate of the Filer, or has a proceeding for any such petition instituted against it; and

v. the appointment of a receiver or the making of any voluntary arrangement with a creditor*;*

Time Limited Relief

(pp) This Decision shall expire on January 8th, 2027.

(qq) This Decision may be amended by the Principal Regulator upon prior written notice to the Filer in accordance with applicable securities legislation.

Date: January 8, 2025

"Michelle Alexander"
Michelle Alexander

Manager, Trading and Markets Division
Ontario Securities Commission

Appendix A

Local Trade Reporting Rules

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

(a) Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*;

(b) Part 3, Data Reporting of Manitoba Securities Commission Rule 91-507 T*rade Repositories and Derivatives Data Reporting*;

(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.

Appendix B

List of Specified Crypto Assets

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

Appendix C

Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients

1. The Filer establishes that all of the following conditions are met:

    a. The Value-Referenced Crypto Asset references, on a one-for-one basis, the value of a single fiat currency (the "reference fiat currency").

    b. The reference fiat currency is the Canadian dollar or United States dollar.

    c. The Value-Referenced Crypto Asset entitles a Value-Referenced Crypto Asset holder who maintains an account with the issuer of the Value-Referenced Crypto Asset to a right of redemption, subject only to reasonable publicly disclosed conditions, on demand directly against the issuer of the Value-Referenced Crypto Asset or against the reserve of assets, for the reference fiat currency on a one-to-one basis, less only any fee that is publicly disclosed by the issuer of the Value-Referenced Crypto Asset, and payment of the redemption proceeds within a reasonable period as disclosed by the issuer of the Value-Referenced Crypto Asset.

    d. The issuer of the Value-Referenced Crypto Asset maintains a reserve of assets that is:

        i. in the reference fiat currency and is comprised of any of the following:

            1. cash;

            2. investments that are evidence of indebtedness with a remaining term to maturity of 90 days or less and that are issued, or fully and unconditionally guaranteed as to principal and interest, by the government of Canada or the government of the United States;

            3. securities issued by one or more money market funds licensed, regulated or authorized by a regulatory authority in Canada or the United States of America; or

            4. such other assets that the Principal Regulator of the Filer and the regulator or securities regulatory authority in each Canadian

jurisdiction where clients of the Filer reside has consented to in writing;

e. all of the assets that comprise the reserve of assets are:

   i. measured at fair value in accordance with Canadian GAAP for publicly accountable enterprises or U.S. GAAP at the end of each day;

   ii. held with an Acceptable Third-party Custodian;

   iii. held in an account clearly designated for the benefit of the Value-Referenced Crypto Asset holders or in trust for the Value-Referenced Crypto Asset holders;

   iv. held separate and apart from the assets of the issuer of the Value-Referenced Crypto Asset and its affiliates and from the reserve of assets of any other Crypto Asset, so that, to the best of the knowledge and belief of the Filer after taking steps that a reasonable person would consider appropriate, including consultation with experts such as legal counsel, no creditors of the issuer other than the Value-Referenced Crypto Asset holders in their capacity as Value-Referenced Crypto Asset holders, will have recourse to the reserve of assets, in particular in the event of insolvency; and

   v. not encumbered or pledged as collateral at any time; and

f. the fair value of the reserve of assets is at least equal to the aggregate nominal value of all outstanding units of the Value-Referenced Crypto Asset at least once each day.

2. The issuer of the Value-Referenced Crypto Asset makes all of the following publicly available:

   a. details of each type, class or series of the Value-Referenced Crypto Asset, including the date the Value-Referenced Crypto Asset was launched and key features and risks of the Value-Referenced Crypto Asset;

   b. the quantity of all outstanding units of the Value-Referenced Crypto Asset and their aggregate nominal value at least once each business day;

c. the names and experience of the persons or companies involved in the issuance and management of the Value-Referenced Crypto Asset, including the issuer of the Value-Referenced Crypto Asset, any manager of the reserve of assets, including any individuals that make investment decisions in respect of the reserve of assets, and any custodian of the reserve of assets;

d. the quantity of units of the Value-Referenced Crypto Asset held by the issuer of the Value-Referenced Crypto Asset or any of the persons or companies referred to in paragraph (c) and their nominal value at least once each business day;

e. details of how a Value-Referenced Crypto Asset holder can redeem the Value-Referenced Crypto Asset, including any possible restrictions on redemptions such as the requirement for a Value-Referenced Crypto Asset holder to have an account with the issuer of the Value-Referenced Crypto Asset and any criteria to qualify to have an account;

f. details of the rights of a Value-Referenced Crypto Asset holder against the issuer of the Value-Referenced Crypto Asset and the reserve of assets, including in the event of insolvency or winding up;

g. all fees charged by the issuer of the Value-Referenced Crypto Asset for distributing, trading or redeeming the Value-Referenced Crypto Asset;

h. whether Value-Referenced Crypto Asset holders are entitled to any revenues generated by the reserve of assets;

i. details of any instances of any of the following:

    i. the issuer of the Value-Referenced Crypto Asset has suspended or halted redemptions for all Value-Referenced Crypto Asset holders;

    ii. the issuer of the Value-Referenced Crypto Asset has not been able to satisfy redemption rights at the price or in the time specified in its public policies;

j. within 45 days of the end of each month, an assurance report from a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America, and that meets the professional standards of that jurisdiction, that complies with all of the following:

i. provides reasonable assurance in respect of the assertion by management of the issuer of the Value-Referenced Crypto Asset that the issuer of the Value-Referenced Crypto Asset has met the requirements in paragraphs (1)(d)-(f) as at the last business day of the preceding month and at least one randomly selected day during the preceding month;

ii. the randomly selected day referred to in subparagraph (i) is selected by the public accountant and disclosed in the assurance report;

iii. for each day referred to in subparagraph (i), management's assertion includes all of the following:

1. details of the composition of the reserve of assets;

2. the fair value of the reserve of assets in subparagraph (1)(e)(i);

3. the quantity of all outstanding units of the Value-Referenced Crypto Asset in paragraph (b);

iv. the assurance report is prepared in accordance with the Handbook, International Standards on Assurance Engagements or attestation standards established by the American Institute of Certified Public Accountants;

k. starting with the first financial year ending after December 1, 2023, within 120 days of the issuer of the Value-Referenced Crypto Asset's financial year end, annual financial statements of the issuer of the Value-Referenced Crypto Asset that comply with all of the following:

i. the annual financial statements include all of the following:

1. a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;

2. a statement of financial position, signed by at least one director of the issuer of the Value-Referenced Crypto Asset, as at the end of

the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;

3. notes to the financial statements;

ii. the statements are prepared in accordance with one of the following accounting principles:

1. Canadian GAAP applicable to publicly accountable enterprises;

2. U.S. GAAP;

iii. the statements are audited in accordance with one of the following auditing standards:

1. Canadian GAAS;

2. International Standards on Auditing;

3. U.S. PCAOB GAAS;

iv. the statements are accompanied by an auditor's report that,

1. if (iii)1 or 2 applies, expresses an unmodified opinion,

2. if (iii)3 applies, expresses an unqualified opinion,

3. identifies the auditing standards used to conduct the audit, and

4. is prepared and signed by a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America.

3. The Crypto Asset Statement includes all of the following:

a. a prominent statement that no securities regulatory authority or regulator in Canada has evaluated or endorsed the Crypto Contracts or any of the Crypto Assets made available through the platform;

b. a prominent statement that the Value-Referenced Crypto Asset is not the same as and is riskier than a deposit in a bank or holding cash with the Filer;

c. a prominent statement that although Value-Referenced Crypto Assets may be commonly referred to as “stablecoins”, there is no guarantee that the Value-Referenced Crypto Asset will maintain a stable value when traded on secondary markets or that the reserve of assets will be adequate to satisfy all redemptions;

d. a prominent statement that, due to uncertainties in the application of bankruptcy and insolvency law, in the event of the insolvency of [Value-Referenced Crypto Asset issuer], there is a possibility that creditors of [Value-Referenced Crypto Asset issuer] would have rights to the reserve assets that could outrank a Value-Referenced Crypto Asset holder's rights, or otherwise interfere with a Value-Referenced Crypto Asset holder's ability to access the reserve of assets in the event of insolvency;

e. a description of the Value-Referenced Crypto Asset and its issuer;

f. a description of the due diligence performed by the Filer with respect to the Value-Referenced Crypto Asset;

g. a brief description of the information in section (2) and links to where the information in that section is publicly available;

h. a link to where on its website the issuer of the Value-Referenced Crypto Asset will disclose any event that has or is likely to have a significant effect on the value of the Value-Referenced Crypto Asset or on the reserve of assets.

i. a description of the circumstances where the secondary market trading value of the Value-Referenced Crypto Asset may deviate from par with the reference fiat currency and details of any instances where the secondary market trading value of the Value-Referenced Crypto Asset has materially deviated from par with the reference fiat currency during the last 12 months on the Filer’s platform;

j. a brief description of any risks to the client resulting from the trading of a Value-Referenced Crypto Asset or a Crypto Contract in respect of a Value-Referenced Crypto Asset that may not have been distributed in compliance with securities laws;

k. any other risks specific to the Value-Referenced Crypto Asset, including the risks arising from the fact that the Filer may not, and a client does not, have a direct redemption right with the issuer of the Value-Referenced Crypto Asset;

l. a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the platform;

m. a statement that the statutory rights in sections 217 and 221 of the *Securities Act*, RLRQ, c. V-1.1 (Québec) and section 130.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (Ontario) 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;

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 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**) and the undertaking is posted on the CSA website.

6. To the extent the undertaking referred to in section (5) of this Appendix includes language that differs from sections (1) or (2) of this Appendix, the Filer complies with sections (1) and (2) of this Appendix as if they included the modified language from the undertaking.

7. 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), (5) and (6) of this Appendix on an ongoing basis.

8. 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), (5) and (6) of this Appendix.

9. 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, 2024, 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 Applicable 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 paragraph 30(a);

        iv. number of trades each month in the quarter;

        v. average value of the trades in each month in the quarter;

        vi. number of Client Accounts with a net acquisition cost greater than $30,000 of Crypto Assets at the end of each month in the quarter;

        vii. number of Client Accounts that in the preceding 12 months, excluding Specified Crypto Assets, that 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;

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 Applicable 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

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	Number of transactions	Num(25,0)	Any value greater than or equal to zero.	400

	Transactions	associated with the Quantity Bought during the reporting period.			
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	Num(25,0)	Any value greater than or equal to zero.	3

		reporting period.			
14	Quantity Transferred Out	Number of units of the Digital Token transferred out of the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	603
15	Number of Transactions from Transfers Out	Number of transactions associated with the quantity transferred out of the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	45
16	Quantity Held	Number of units of the Digital Token held in the account as of the end of the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	3641.25461
17	Value of Digital Token Held	Value of the Digital Token held as of the end of the reporting period.	Num(25,0)	Any value greater than or equal to zero rounded to the nearest dollar in CAD. Use the unit price of the Digital Token as of the last business day of the reporting period multiplied by the quantity held as reported in (16).	45177788
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	Char(3)	AMT (amount) or PER (percent).	PER

		reported in (18).			

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