



**Manitoba
Financial Services
Agency**

THE SECURITIES ACT

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National Instrument 21-101

National Instrument 23-101

National Instrument 23-103

MSC Rule 91-507

Order No. 7686

May 30, 2024

CO-ORDINATED REVIEW

DETERMINATION

Bitbuy Technologies Inc.

The Manitoba Securities Commission makes the same determination on the application as the Principal Jurisdiction, a copy of which is attached, and opts in on the attached Decision Document.

Director

Headnote

Application for time-limited extension of relief from certain prospectus, trade reporting, and marketplace requirements – interim extension of relief to allow the Filer to distribute Crypto Contracts and operate a platform that facilitates the buying, selling, staking and holding of Crypto Assets – interim extension of relief granted subject to certain conditions and business restrictions – relief is time-limited and will expire upon the earlier of August 31, 2024 or the date the Filer transitions its client accounts to its Canadian Investment Regulatory Organization member affiliate – relief granted based on the particular facts and circumstances of the application with the objective of fostering innovation in Canada – decision should not be viewed as precedent for other filers.

Statute cited

Securities Act, R.S.O. 1990, c. S.5, as amended, s. 1(1), 53 & 74

Instrument, Rule or Policy cited

Multilateral Instrument 11-102 *Passport System*, s. 4.7

National Instrument 21-101 *Marketplace Operation*

National Instrument 23-101 *Trading Rules*

National Instrument 23-103 *Electronic Trading and Direct Access to Marketplaces*

OSC Rule 91-506 *Derivatives: Product Determination*, s. 2 & 4

OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, Part 3

IN THE MATTER OF

THE SECURITIES LEGISLATION OF

**ONTARIO, 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
BITBUY TECHNOLOGIES INC. (the Filer)

DECISION

Background

As set out in Canadian Securities Administrators (CSA) Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* and Joint CSA/Investment Industry Regulatory Organization of Canada Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements*, 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 (**Crypto Contract**).

To foster innovation and respond to novel circumstances, the CSA have considered an interim, time-limited registration that would allow CTPs to operate within a regulated environment, with regulatory requirements tailored to the CTP's operations. The overall goal of the regulatory environment is to ensure there is a balance between the need to be flexible and 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 approved to operate a marketplace and is registered in the category of restricted dealer in the Applicable Jurisdictions (as defined below). In connection with its registration as a restricted dealer, the Filer previously applied for and received exemptive relief in decisions dated November 30, 2021 and November 30, 2023.

Under the terms and conditions of the decision *In the Matter of Bitbuy Technologies Inc.* dated November 30, 2023 (the **Amending 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 with the Filer to purchase, sell, hold, stake, deposit and withdraw Crypto Assets.

The exemptive relief granted under the Amending Decision expires on May 30, 2024.

The Filer has submitted an application to extend the Amending Decision in order to continue to operate the Platform on an interim basis until the client accounts of the Filer are transferred to Coinsquare

Capital Markets Ltd. (CCML).

This decision (the **Decision**) has been tailored for the specific facts and circumstances of the Filer, and the securities regulatory authorities or regulators will not consider this Decision as constituting a precedent.

Relief Requested

The securities regulatory authority or regulator in Ontario (the **Jurisdiction**) has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) extending the time-limited exemption of 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, withdraw and stake Crypto Assets (the **Prospectus Relief**).

The securities regulatory authority or regulator in the Jurisdiction and each of the other jurisdictions that has adopted the rules referred to in Appendix A, as applicable (collectively, the **Coordinated Review Decision Makers**), have received an application from the Filer for a decision under the securities legislation of those jurisdictions exempting the Filer from:

- (1) certain reporting requirements under the Local Trade Reporting Rules (as defined in Appendix A) (the **Trade Reporting Relief**); and
- (2) except in British Columbia, New Brunswick, Saskatchewan and Nova Scotia, the Marketplace Rules (as defined in Appendix A) (the **Marketplace Relief**).

Collectively, the Prospectus Relief, the Trade Reporting Relief and the Marketplace Relief are referred to herein as the **Requested Relief**.

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

- (1) the Ontario Securities Commission is the principal regulator for this application (the **Principal Regulator**);
- (2) 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* (**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
- (3) the decision in respect of the Trade Reporting Relief and the Marketplace Relief is the decision of the Principal Regulator and evidences the decision of each applicable Coordinated Review Decision Maker.

Interpretation

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

Representations

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

1. The Filer is registered as a dealer in the category of restricted dealer with the Applicable Jurisdictions.
2. The Filer operates the Platform, which enables clients to buy, sell, hold, stake, deposit, and withdraw Crypto Assets through the Platform.
3. On November 30, 2021, the Filer was granted relief from certain prospectus, trade reporting and marketplace requirements applicable to the Filer in connection with the operation of the Platform, subject to certain terms and conditions. The relief was varied and extended on November 30, 2023 until May 30, 2024 in the Amending Decision.
4. Subject to the Decision being granted prior to the expiry of the Amending Decision, and subject to the Filer delivering audited financial statements for the year ended on December 31, 2023 to the Principal Regulator prior to the date of this Decision, the Filer is not in default of securities legislation of any jurisdiction of Canada.
5. The Amending Decision was granted based on representations from the Filer that client accounts would be transitioned to CCML prior to the expiry of the Amending Decision (the **Transition**).
6. While the Filer has been actively and diligently working with CCML and the Canadian Investment Regulatory Organization (**CIRO**) to effect the Transition of the client accounts of the Filer to CCML, the Filer seeks a short-term extension of the Amending Decision to account for the possibility that the Transition may be completed after the expiry of the Amending Decision despite the Filer's efforts to complete the Transition by May 30, 2024.
7. Since the date of the Amending Decision, the Filer has made the following efforts to complete the Transition of client accounts to CCML:
 - (a) Engaging with CCML to determine differences in operating procedures between the Filer and CCML;
 - (b) Working with CCML to establish the technical requirements necessary to effect the

Transition of the client accounts;

- (c) Coordinating with CCML on developing a staking program and relationships with custodial and other vendor partners to reduce potential issues with the Transition of the client accounts;
 - (d) Harmonizing back-office and record keeping functions;
 - (e) Holding regular meetings with, and providing submissions to, CIRO about the Transition; and
 - (f) Notifying the Filer's clients and other key stakeholders regarding the anticipated Transition of the Filer's client accounts to CCML.
8. The Filer has provided and will continue to provide the Principal Regulator with regular and timely updates relating to the Transition of the Filer's client accounts to CCML.
9. This Decision is based on the same representations as were made by the Filer in the Amending Decision, which remain true and complete to the extent not modified by the representations in this Decision.

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 and the Marketplace 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 and the Marketplace Relief, as applicable.

The Decision of the Principal Regulator under the Legislation is that the Amending 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 and the Marketplace Relief, as applicable, is granted, provided that and for so long as the Filer complies with the following terms and conditions:

- A. The Filer complies with all of the terms and conditions of the Amending Decision as if the Amending Decision had not expired on May 30, 2024, except as amended by this Decision.
- B. The Filer continues to make best efforts to complete the client account Transition as soon as possible.

- C. Condition Y(b)(ii) of the Amending Decision is amended such that, by October 31, 2024, the Filer will no longer allow clients to buy or deposit fiat-backed crypto assets (**FBCAs**), or to enter into Crypto Contracts to buy or deposit FBCAs, that do not comply with the terms and conditions set out in Appendix C of the Amending Decision.
- D. No new accounts are opened for existing or for new clients of the Filer as of May 31, 2024.
- E. This Decision shall expire on the earlier of:
 - (i) August 31, 2024; or
 - (ii) the date on which the Transition of all client accounts from the Filer to CCML is complete.
- F. The Filer will cease any clearing activities or marketplace activities, including anything requiring Marketplace Relief, after the Transition and, in any event, no later than the date of expiry of this Decision.
- G. This Decision may be amended by the Principal Regulator upon prior written notice to the Filer in accordance with applicable securities legislation.

DATED this 30th day of May, 2024.

“Susan Greenglass”

Susan Greenglass
Senior Vice President, Trading and Markets
Ontario Securities Commission

APPENDIX A

LOCAL TRADE REPORTING RULES AND MARKETPLACE RULES

In this Decision,

a) the “Local Trade Reporting Rules” collectively means each of the following:

- (1) Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting (**OSC Rule 91-507**);
- (2) Part 3, Data Reporting of Manitoba Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting (**MSC Rule 91-507**); and
- (3) 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**); and

b) the “Marketplace Rules” collectively means each of the following:

- (1) National Instrument 21-101 – *Marketplace Operation* (**NI 21-101**) in whole;
- (2) National Instrument 23-101 – *Trading Rules* (**NI 23-101**) in whole; and
- (3) National Instrument 23-103 – *Electronic Trading and Direct Electronic Access to Marketplaces* (**NI 23-103**) in whole.