

## **Bloomberg Tradebook Canada Company**

### **NOTICE OF INITIAL OPERATIONS REPORT AND REQUEST FOR FEEDBACK**

Bloomberg Tradebook Canada Company (“**Tradebook Canada**”) will operate an alternative trading system in Ontario, Québec and Nova Scotia (each a “**Canadian Jurisdiction**” and collectively referred to as the “**Canadian Jurisdictions**”) to provide participants in those Canadian Jurisdictions with access to the multilateral trading facilities (each a “**System**” and collectively referred to as the “**Systems**”) operated by its affiliated entities, Bloomberg Trading Facility Limited (“**BTFL**”) and Bloomberg Trading Facility B.V. (“**BTF BV**”), to trade Canadian Debt Securities (as defined below).

#### **Securities Traded Through Tradebook Canada**

Tradebook Canada will support the trading of Canadian dollar denominated debt securities issued by (1) an issuer incorporated, formed or created under the laws of Canada or a jurisdiction of Canada, or (2) the Government of Canada or the government of a jurisdiction of Canada (“**Canadian Debt Securities**”), including:

- (a) debt securities issued or guaranteed by the Government of Canada or the government of a jurisdiction of Canada (including agencies or instrumentalities thereof);
- (b) debt securities issued or guaranteed by a municipal corporation in Canada;
- (c) debt securities issued or guaranteed by Canadian corporate or other non-governmental issuers; and
- (d) asset-backed securities (including mortgage backed securities) and collateralized mortgage obligations issued or guaranteed by a Canadian issuer, denominated in the Canadian dollar.

#### **Canadian Participants of Tradebook Canada**

Tradebook Canada will provide access to Canadian Participants that may include a wide range of sophisticated entities, including commercial and investment banks, corporations, pension funds, money managers, proprietary trading firms, hedge funds and other institutional customers.

Tradebook Canada will provide access to the Systems to participants that (1) are located in a Canadian Jurisdiction, including participants with their headquarters or legal address in a Canadian Jurisdiction (as indicated by a participant’s Legal Entity Identifier (LEI)) and all traders conducting transactions on its behalf, regardless of the traders’ physical location (inclusive of non-Canadian Jurisdiction branches of Canadian Jurisdiction legal entities), as well as any trader physically located in a Canadian Jurisdiction who conducts transactions on behalf of any other entity (“**Canadian Participants**”), and (2) qualify as “institutional customers” as defined in Rule 1 of the Investment Industry Regulatory Organization of Canada (“**IROC**”) Rules.

#### **Regulatory Status of Participants**

Canadian Participants will be required to make representations, when applying to become a participant of Tradebook Canada and each time the Canadian Participant or its authorized traders use the services of Tradebook Canada, that they are (1) registered under the securities laws of a Canadian Jurisdiction, (2) exempt from registration under the securities laws of a Canadian Jurisdiction, or (3) not subject to registration requirements under the securities laws of a Canadian Jurisdiction.

The following chart outlines the regulatory status of Canadian Participants and their counterparties and the principal exemptions from the dealer registration requirement under applicable Canadian securities law that may be relied on by such Canadian Participants and their counterparties with respect to Canadian Debt Securities traded on the Systems through Tradebook Canada.

<b>Instrument</b>	<b>Canadian Participant and Applicable Registration, Exemption or Not Required to be Registered Status</b>	<b>Counterparty to Canadian Participant and Applicable Registration, Exemption or Not Required to be Registered Status</b>
Canadian Debt Securities	<p>Dealer registration under (i) section 25 of the <i>Securities Act</i> (Ontario), (ii) section 148 of the <i>Securities Act</i> (Québec), or (iii) section 31 of the <i>Securities Act</i> (Nova Scotia): applicable to Canadian Participants that are in the business of trading;</p> <p>Dealer exemption under section 35 of <i>Securities Act</i> (Ontario) and 8.21 [<i>Specified debt</i>] of National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> (“<b>NI 31-103</b>”): applicable to any Canadian Participant trading debt securities that qualify as “specified debt” with a counterparty;</p> <p>Dealer exemption under (i) section 35.1 of the <i>Securities Act</i> (Ontario), or (ii) section 192 of the <i>Securities Regulations</i> (Québec): applicable to Canadian Participants that are prescribed financial institutions;</p>	<p>Dealer registration under section 25 of the <i>Securities Act</i> (Ontario) , (ii) section 148 of the <i>Securities Act</i> (Québec), or (iii) section 31 of the <i>Securities Act</i> (Nova Scotia): applicable to counterparties that are in the business of trading;</p> <p>Dealer exemption under section 8.5 [<i>Trades through or to a registered dealer</i>] of NI 31-103: applicable to registered or unregistered counterparties that trade with a Canadian Participant that is a registered dealer purchasing as principal;</p> <p>Dealer exemption under 8.18 [<i>International dealer</i>] of NI 31-103: applicable to counterparties that are foreign dealer firms<sup>1</sup>;</p> <p>Dealer exemption under 8.21 [<i>Specified debt</i>] of NI 31-103: applicable to any counterparty trading debt securities that qualify</p>

<sup>1</sup> Under section 8.18(2)(b) of NI 31-103, a foreign dealer firm relying on the international dealer exemption may trade with a permitted client (i) Canadian debt securities that are denominated in a currency other than the Canadian dollar, or (ii) Canadian dollar denominated Canadian debt securities that are or were originally offered primarily in a foreign jurisdiction and a prospectus has not been filed with a Canadian securities regulatory authority for the distribution.

	<p>Not subject to dealer registration requirements currently under (i) section 25 of the <i>Securities Act</i> (Ontario), (ii) section 148 of the <i>Securities Act</i> (Québec), or (iii) section 31 of the <i>Securities Act</i> (Nova Scotia): applicable to Canadian Participants that are not in the business of trading.</p>	<p>as “specified debt” with a Canadian Participant;</p> <p>Not subject to dealer registration requirements currently under (i) section 25 of the <i>Securities Act</i> (Ontario), (ii) section 148 of the <i>Securities Act</i> (Québec), or (iii) section 31 of the <i>Securities Act</i> (Nova Scotia): applicable to counterparties that are not in the business of trading.</p>
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Tradebook Canada will rely on a Canadian Participant’s representations to set restrictions on the Canadian Participant’s trading enablements on the Systems. For example, a Canadian Participant that is not an IROC dealer member and registered investment dealer will not be authorized by Tradebook Canada to trade Canadian Debt Securities with a foreign counterparty.<sup>2</sup> Bloomberg Compliance will conduct post-trade monitoring of Canadian Participant trading activity, and if they determine that a Canadian Participant has engaged in non-compliant trading activity, Tradebook Canada can request BTFL or BTF BV, as applicable, to suspend or terminate the Canadian Participant’s access to the Systems.

### **Access to Tradebook Canada and the Systems**

Canadian Participants may access Tradebook Canada and transact using the Systems via an approved service provider (Bloomberg Terminal access is provided this way), via application programming interface (“**API**”), a non-Bloomberg API or venue Direct Portal.

### **The Systems and their Functionalities**

Canadian Participants using the Systems post and request quotations and execute trades in Canadian Debt Securities using Request for Quote (“**RFQ**”) and Request for Trade (“**RFT**”) protocols or functionalities.

#### ***RFQ Functionality***

Using RFQ functionality, a Canadian Participant (a “**RFQ Requestor**”) can send an RFQ message to one or more liquidity providers (each, a “**RFQ Respondent**”) that have pre-established relationships with the RFQ Requestor. If an RFQ Respondent wishes to respond, it will provide a quote to the RFQ Requestor. The response messages from the RFQ Respondents to the RFQ Requestor will appear on a screen viewable only by the RFQ Requestor; the RFQ Respondents

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<sup>2</sup> Section 6.2 of National Instrument 21-101 *Marketplace Operation* (“**NI 21-101**”) provides that any registration exemptions that may otherwise be applicable to a dealer under securities legislation are not available to an ATS, except as provided in NI 21-101. A non-registered dealer participant may not rely on section 8.5 of NI 31-103 to trade to another non-registered dealer participant.

will not know the identity of the other RFQ Respondents. The RFQ Requestor can click on a bid or offer from an RFQ Respondent to send an acceptance message.

### ***RFT Functionality***

Using RFT functionality, a Canadian Participant can send to a liquidity provider that has a pre-established relationship with the Canadian Participant a message requesting execution of a transaction on the terms stated in the message.

### ***“Client” Participants and “Dealer” Participants***

The Canadian Participant sending out RFQs and RFTs is considered to be a “client” participant on the Systems, typically an institutional investor acting as the buy-side participant and liquidity seeker in transactions with its counterparty. The Canadian Participant receiving and responding to RFQs and RFTs is considered to be a “dealer” participant on the Systems, typically a registered dealer or bank acting as the sell-side participant and liquidity provider in transactions with its counterparty. In certain limited cases, a Systems participant that is a dealer firm may act as a liquidity seeker and send out RFQs and RFTs. However, a Systems participant that is not a dealer firm cannot act as a “dealer” participant and liquidity provider.

### **Transparency Regarding Venue Selection**

Prior to launching an RFQ or RFT on the Systems, Canadian Participants are required to select, via a drop-down menu, the System where a transaction will ultimately be executed. For Canadian Debt Securities, the user interface will indicate, in addition to the selected System, that transactions are taking place through access provided by Tradebook Canada.

Canadian Participants of Tradebook Canada have full transparency regarding which System they are transacting on by reference to a trade execution confirmation, which is generated by the relevant System after a trade is executed. Canadian Participants may use the trade execution confirmation to always be aware that Tradebook Canada is providing access to a System and to be aware of which legal entity that is operating the System they are trading on and to which an Canadian Participant would have recourse in the event of a technical issue where the Canadian Participant might seek contractual resolution, where applicable.

### **Hours of Operation**

The hours of operation for Tradebook Canada and the Systems are 7:00 p.m. to 5:00 p.m. (+1) (EST) on all TARGET business days. A “TARGET” business day means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System, or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

### **Market Data, Description of the Systems and Canadian Debt Securities Trade Reporting**

Canadian Participants (i.e., “client” participants) can view quotations for Canadian Debt Securities provided by counterparty participants (i.e., “dealer” participants) that have enabled the Canadian Participants to view quotations.

The Systems offer Canadian Participants the ability to display quotations to other selected participants or request quotations from other selected participants. After selecting a quotation, an order ticket will appear containing details of the proposed transactions a Canadian Participant can complete and send to a counterparty participant.

Pursuant to the terms and conditions of Tradebook Canada's registration in the category of investment dealer, Tradebook Canada will report trades executed by the Systems in Canadian Debt Securities to IIROC (as information processor) only with respect to transactions in which neither participant to the trade is (i) a bank listed in Schedule I, II, or III of the *Bank Act* (Canada) (a "**Canadian Bank**"), or (ii) an IIROC Dealer Member firm. Where at least one participant to a transaction is a Canadian Bank or an IIROC Dealer Member, that participant will be responsible for trade reporting pursuant to Part 8 of National Instrument 21-101 *Marketplace Operation*.

### **Clearing and Settlement**

None of Tradebook Canada or the Systems perform any clearing or settlement functions with respect to trades in Canadian Debt Securities executed on the Systems, and do not maintain any reporting procedures with respect to such functions.

Tradebook Canada's participant access agreement provides that Canadian Participants or their clearing member agents are responsible for reporting trades in Canadian Debt Securities to The Canadian Depository for Securities ("**CDS**"). Canadian Participants or their clearing member agents will rely on their existing arrangements with CDS to clear and settle trades executed on the Systems.

### **United States Regulatory Framework for Electronic Platforms Trading Fixed Income Securities**

The U.S. Securities and Exchange Commission ("**SEC**") issued a concept release in September 2020 that focuses on the regulatory framework for electronic platforms that trade corporate debt and municipal securities. The concept release does not propose or commit the SEC to proposing regulatory changes, but rather requests information from the public about fixed income electronic trading platforms' operations, services, fees, market data, and participants, and requests views about whether and what changes should be made to the regulatory framework. Public input was due by March 2021, and the SEC noted the information could help regulators evaluate potential regulatory gaps that may exist among platforms with respect to access to markets, system integrity, surveillance, and transparency, among other things.