

Bloomberg Tradebook Singapore Pte Ltd.
23 Church Street, 12th Floor
Capital Square
Singapore 049481

June 8, 2022

Sent By E-mail

Attn: Secretary of Ontario Securities Commission

Ontario Securities Commission
20 Queen Street West, 19th Floor
Toronto, Ontario M5H 3S8

Re: Bloomberg Tradebook Singapore Pte Ltd. – Application for Exemption from Recognition as an Exchange

Dear Sirs and Mesdames:

Bloomberg Tradebook Singapore Pte Ltd. (the “**Applicant**”) is requesting an order for the following relief (collectively, the “**Requested Relief**”) in relation to its operation of an organised market (an “**OM**”), as defined in the Singapore *Securities and Futures Act* (Cap. 289) (“**SFA**”), in the province of Ontario:

- (a) exempting the Applicant from the requirement to be recognised as an exchange under subsection 21(1) of the *Securities Act* (Ontario) (the “**Act**”) pursuant to section 147 of the Act; and
- (b) exempting the Applicant from the requirements in National Instrument 21-101 *Marketplace Operation* (“**NI 21-101**”) pursuant to section 15.1(1) of NI 21-101, the requirements of National Instrument 23-101 *Trading Rules* (“**NI 23-101**”) pursuant to section 12.1 of NI 23-101 and the requirements of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (“**NI 23-103**”) pursuant to section 10 of NI 23-103.

This application is divided into the following Parts I to IV. Part III describes how the Applicant satisfies the criteria for exemption of a foreign exchange that proposes to permit Ontario Users, as defined herein, to trade the financial instruments listed on Annex A (the “**OM Instruments**”) from recognition as an exchange set by the Ontario Securities Commission (the “**Commission**”).

- | | |
|----------|--|
| Part I | Introduction |
| | 1. Description of the Applicant’s Services |
| Part II | Background of the Applicant |
| | 1. Ownership of the Applicant |
| | 2. Products Traded on the Market |
| | 3. Participants |
| Part III | Application of Exemption Criteria to the Applicant |
| | 1. Regulation of the Market |
| | 2. Governance |
| | 3. Regulation of Products |
| | 4. Access |
| | 5. Regulation of Participants on the Market |
| | 6. Rulemaking |
| | 7. Due Process |
| | 8. Clearing and Settlement |

9. Systems and Technology
10. Financial Viability
11. Transparency
12. Compliance, Surveillance and Enforcement
13. Record Keeping
14. Outsourcing
15. Fees
16. Information Sharing and Oversight Arrangements
17. IOSCO Principles

Part IV Submissions by the Applicant

1. Submissions Concerning the Requested Relief

PART I INTRODUCTION

1. Description of BTBS

- 1.1 The Applicant has obtained recognition from the Monetary Authority of Singapore (the “**MAS**” or “**Foreign Regulator**”) as a Recognized Market Operator (“**RMO**”).
- 1.2 The Applicant is the operator of an OM, known as **BTBS**, that is regulated and authorised by the MAS to allow trading of the instruments set forth on [Annex B, Part 1](#).¹ BTBS will provide the following trade negotiation protocols to Ontario Users (as defined herein) that may be used to negotiate, but not execute, a trade: (i) a request-for-quote (“**RFQ**”) function that allows a participant to send an RFQ message to one or more liquidity providers that have pre-established relationships with the requesting participant; (ii) a request-for-trade (“**RFT**”) function that allows a participant to send to a liquidity provider that has a pre-established relationship with the requesting participant a message requesting execution of a transaction of the terms stated in the message; and (iii) a request-for-stream (“**RFS**”) function that allows a participant to send an RFS message to one or more liquidity providers that has a pre-established relationship with the requesting participant. A full description of these trade negotiation protocols is attached as [Annex C](#).
- 1.3 There are no functionality differences between the negotiation systems of the Applicant and the other negotiation systems operated by the Applicant’s affiliates, Bloomberg Tradebook LLC (“**Tradebook LLC**”) in the United States and Bloomberg Tradebook do Brasil Ltda. (“**Tradebook Brazil**”) in Brazil. The Applicant does, however, contractually require all participants of BTBS to abide by a rulebook (i.e., the BTBS Rulebook), while Tradebook LLC and Tradebook Brazil do not have rulebooks.
- 1.4 The Applicant is authorised by the MAS to offer BTBS for all instruments listed on [Annex B, Part 1](#). Additional products (beyond those listed in [Annex B, Part 1](#)) may be made available for trading on BTBS by the Applicant in the future, subject to obtaining required regulatory approvals.
- 1.5 The Applicant seeks the Requested Relief to cover trading of the financial instruments listed in [Annex A](#) on BTBS by participants located in Ontario, including participants with their headquarters or legal address in Ontario (e.g., 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-Ontario branches of Ontario legal entities), as well as any trader physically located in Ontario who conducts transactions on behalf of any other entity (“**Ontario Users**”).
- 1.6 The Applicant proposes to offer direct access to trading on BTBS to Ontario Users that satisfy the criteria specified in a Canada User Acknowledgment, and as further described in Part III below. The Applicant does not offer access to retail clients.

¹ The Applicant’s RMO recognition permits operation of BTBS in respect of securities, units in a collective investment scheme, securities-based derivative contracts and non-securities-based derivative contracts, namely credit default swaps, interest rate swaps, foreign exchange derivatives, and commodity derivatives.

- 1.7 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described herein.

PART II BACKGROUND OF THE APPLICANT

1. Ownership of the Applicant

- 1.1 The Applicant is a private limited company incorporated under the laws of Singapore and a wholly owned direct subsidiary of Bloomberg L.P., a Delaware limited partnership (“BLP”).

2. Products Traded on BTBS

- 2.1 The Applicant seeks the Requested Relief to provide Ontario Users with transaction negotiation services.
- 2.2 During the period from September 13, 2021 until the Requested Relief is granted by the Commission, the Applicant provides transaction negotiation services for the instruments listed on Annex A (excluding Foreign Non-Debt Securities) and for Canadian Debt Securities² pursuant to a marketplace conduit arrangement with its Canadian alternative trading system (“ATS”) affiliate, Bloomberg Tradebook Canada Company (“**Tradebook Canada**”), which provides access to BTBS.³ Under the arrangement, Ontario Users that are participants of Tradebook Canada may negotiate transactions in the instruments listed on Annex A (excluding Foreign Non-Debt Securities) and in Canadian Debt Securities on BTBS.
- 2.3 Following the date that the Commission grants the Requested Relief, the Applicant will continue to provide transaction negotiation services for Canadian Debt Securities only under the marketplace conduit arrangement with Tradebook Canada, and proposes to provide transaction negotiation services for all instruments listed on Annex A directly on BTBS.

3. Participants

- 3.1 Participants may include a wide range of sophisticated customers, including commercial and investment banks, corporations, pension funds, money managers, proprietary trading firms, hedge funds and other institutional customers. Each Ontario User that wishes to trade on BTBS must satisfy eligibility criteria that the Applicant may set from time to time, in accordance with the BTBS Rulebook and a Canada User Acknowledgment, including as discussed in paragraph 4.1.7, that the Ontario User is appropriately registered under Ontario securities laws, exempt from registration or not subject to registration requirements. Participant criteria are described in more detail in Part III, Section 4 below.

PART III APPLICATION OF EXEMPTION CRITERIA TO THE APPLICANT

The following is a discussion of how the Applicant, as a foreign exchange that allows participants to trade the OM Instruments, meets the criteria for exemption from recognition as an exchange.

1. Regulation of the Exchange

- 1.1 **Regulation of the Exchange – The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (“Foreign Regulator”).**

- 1.1.1 BTBS is an “organised market”, as defined in the SFA and the relevant rules and regulations of the MAS as:

- (a) a place at which, or a facility (whether electronic or otherwise) by means of which, offers or invitations to exchange, sell or purchase derivatives contracts, securities or units in collective investment schemes, are regularly made on a centralised basis, being offers or invitations that are intended or may reasonably be expected to result, whether directly or indirectly, in the acceptance or making, respectively, of offers to exchange, sell or purchase derivatives contracts, securities or units in collective investment schemes (whether through that place or facility or otherwise); or
- (b) such other facility or class of facilities as the [MAS] may, by order, prescribe.

- 1.1.2 The MAS originally recognised the Applicant as an RMO and commenced supervising the Applicant on an ongoing, active basis in 2005. The Applicant’s current recognition from the MAS, dated August 5, 2021, permits the Applicant to:

- (a) operate an OM in respect of securities, units in a collective investment scheme, securities-based derivatives contracts (e.g., equity shares, bonds, money market instruments, securities financing transactions, exchange-traded funds, etc.), and over-the-counter derivatives contracts (e.g., credit default swaps, interest rate swaps, foreign exchange derivatives, and commodity derivatives); and

² “Canadian Debt Securities” are any unlisted debt securities, as that term is defined in NI 21-101, and any debt securities denominated in Canadian dollars.

³ BTBS commenced providing negotiation services for FX on October 4, 2021.

- (b) in respect of participants in Singapore, make available its OM to Professional Investors, Accredited Investors and Expert Investors, as such terms are defined within the Applicant's RMO Recognition Letter and the SFA.
- 1.1.3 RMOs that are authorised by the MAS must comply with relevant legislation under the purview of the MAS, including the SFA and its associated regulations, relevant subsidiary legislation, and relevant notices, guidelines and circulars issued by the MAS (collectively, the "**Applicable Rules**"), particularly those in:
- a. Part II, Division 1, Part II, Division 3 and Part II, Division 4 of the SFA setting out the general framework regulating the establishment of OMs, RMOs and the general powers of the MAS in relation to RMOs;
 - b. the *Securities and Futures (Organised Markets) Regulations 2018* setting out in greater detail the statutory requirements that RMOs must adhere to under the SFA;
 - c. Part IX, Division 3 of the SFA and under the Criminal Procedure Code, which sets out the powers of investigation and enforcement of the MAS;
 - d. Section 8 of the SFA, which sets out the authorization requirements for applicants wishing to operate an OM in Singapore;
 - e. the Applicant's RMO Recognition Letter and applicable regulations and notices relating to capital requirements;
 - f. Section 33 of the SFA, which requires RMOs to operate a fair OM that is characterised by non-discriminatory access to market facilities and information.
- 1.2 **Authority of the Foreign Regulator – The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.**
- 1.2.1 The Applicant is subject to regulatory supervision by the MAS in conducting its activities for which it is authorised as set out in Section 1.1.2 above. The MAS has a number of competencies which empower it to supervise and, if necessary, investigate and take enforcement action in relation to the Applicant and its operation of BTBS.
- 1.2.2 The MAS performs its supervisory responsibilities and promotes compliance with the Applicable Rules by checking on the quality of corporate governance, internal controls and risk management of RMOs and RMOs' dealings with their customers and counterparties, with the aim of instilling a system of sound management practices commensurate with the RMOs' type, scale and complexity of business activities, and their related risks.
- 1.2.3 The Applicant is subject to standard, base-level monitoring. In addition to routine supervisory activities, this includes monitoring key indicators and the development of the Applicant's business, reviewing regulatory returns, questionnaires and audit reports, as well as taking any necessary follow-up actions.
- 1.2.4 The Applicant must, as soon as practicable after the occurrence of any of the following circumstances, notify MAS of:
- any material change to the information provided by the Applicant in its application for recognition as an RMO;
 - the Applicant becoming aware of any financial irregularity or other matter which in its opinion may affect its ability to discharge its financial obligations, or may affect the ability of a participant of the Applicant to meet its financial obligations to the Applicant;
 - any civil or criminal legal proceeding instituted against the Applicant, whether in Singapore or elsewhere, that may have a material impact on the operations or finances of the Applicant;
 - any disciplinary action taken against the Applicant by any regulatory authority, whether in Singapore or elsewhere, other than by the MAS;
 - any material change to the regulatory requirements imposed on the Applicant by any regulatory authority, whether in Singapore or elsewhere, other than by the MAS;
 - any material disruption, material suspension or material termination of, or delay in, any trading procedure or trading practice of the Applicant (including any material disruption, suspension, termination or delay resulting from any system failure);
 - the Applicant becoming aware of any acquisition or disposal by any person of a substantial shareholding in the Applicant;

- any compromise of the integrity or security of the transmission or storage of any user information of the Applicant; or
 - any action taken or intended to be taken to restore the integrity and security of the transmission and storage of that user information.
- 1.2.5 The MAS has powers of investigation to, among other things, ensure compliance with the SFA or to investigate an alleged or suspected contravention of any provision of the SFA.
- 1.2.6 The MAS' statutory powers of investigation include:
- the power to require a person to give to the MAS all reasonable assistance in connection with an investigation and to appear before an officer of the MAS duly authorised by the MAS for examination on oath and to answer questions;
 - the power to order production of books;
 - officers, authorised by MAS, being able to enter premises without a warrant; or
 - applying for a warrant to seize books.
- 1.2.7 Besides the MAS' statutory investigation powers, the MAS also has criminal investigation powers under the *Criminal Procedure Code* (Cap 68) ("**CPC**") to jointly investigate breaches of all offences under the SFA, among other legislation, together with the Singapore Police Force's Commercial Affairs Department under the Joint Investigation Arrangement.
- 1.2.8 As part of the Joint Investigation Arrangement, certain MAS officers are gazetted as Commercial Affairs Officers under the *Police Force Act* (Cap 235), and vested with criminal investigation powers under the CPC. Such powers give MAS the ability to, among other things, to:
- obtain documents;
 - record statements from persons under investigation or persons who may have information to assist in investigations;
 - arrest and conduct search and seizure of property;
 - direct a financial institution not to allow any dealings in respect of property in an account or safe deposit box with the financial institution;
 - access, inspect and decrypt the data contained in the computers and devices where computers and electronic devices are seized; and
 - require suspects to surrender their travel documents to prevent suspects from leaving the country.
- 1.2.9 The MAS can impose a wide range of enforcement measures if the Applicant breaches the Applicable Rules. For example, the MAS may:
- refer a case for criminal prosecution;
 - take civil penalty action;
 - withdraw or suspend licence or regulatory status;
 - remove persons from office;
 - issue prohibition orders;
 - issue compositions;
 - issue reprimands; or
 - issue warnings/letters of advice.

2. Governance

2.1 Governance – The governance structure and governance arrangements of the exchange ensure:

(a) **effective oversight of the Exchange,**

The Board of Directors

2.1.1 The Applicant's Board of Directors (the "**Board**"), which, as of the date of this application, consists of a total of five members, is responsible for oversight of BTBS. All directors are employees of BLP or a BLP affiliate and were appointed by the Applicant. The directors collectively bring together the necessary skills to effectively manage the operational and strategic vision of BTBS.

2.1.2 The representation on the Board of a broad range of business functions from within the Applicant's business ensures that the interests of different persons and companies using BTBS are properly considered and balanced and that feedback from various constituencies is passed on to and considered by the Board. Further, given that the Applicant is a wholly-owned subsidiary of BLP, the Board does not believe that it is necessary to include independent directors on the Board.

Suitability and Integrity Screening

2.1.3 Under section 33(1)(i) of the SFA, an RMO must ensure that it appoints or employs fit and proper persons as its chairman, chief executive officer, directors and key management officers. MAS maintains a published guide to determining whether an individual is fit and proper, the Guidelines on Fit and Proper Criteria (the Fit and Proper Guidelines).⁴ Under the Fit and Proper Guidelines, the criteria for assessing whether an individual is fit and proper include but are not limited to: (a) honesty, integrity and reputation; (b) competence and capability; and (c) financial soundness. Detailed criteria are provided under each of these three headings.

2.1.4 In addition, while the Fit and Proper Guidelines do not explicitly impose an independence standard on the directors, the requirements in the Fit and Proper Guidelines require a director to be competent and capable and, in assessing whether this standard is met, the relevant factors include "where the relevant person is an individual who is assuming concurrent responsibilities, whether such responsibilities would give rise to a conflict of interest or otherwise impair his ability to discharge his duties in relation to any activity regulated by MAS under the relevant legislation". Additionally, the Fit and Proper Guidelines underpin MAS's requirements that the directors perform their duties efficiently, honestly, fairly and act in the best interests of their stakeholders and customers.

Board Composition and Qualifications

2.1.5 The Applicant's directors are Eric Chang, Derek Kleinbauer, Amelia Quek, Vee Sen Ong and Ashlesh Gosain. No director would be considered an "independent" director under the tests in National Instrument 52-110 *Audit Committees*.

The Board's Role and Risk Oversight

2.1.6 The Board provides leadership of the Applicant within a framework of prudent and effective controls. Included in its responsibilities, the Board ensures that the Applicant maintains effective control frameworks allowing it to respond to significant business, financial, compliance, and other risks to achieving its strategic objectives. The Applicant's Risk Manager is responsible for advising the Board and the Chief Executive Officer ("**CEO**") on the Applicant's various risk management activities including overall risk appetite, tolerance, current risk exposures, and maintaining the Applicant's risk register. In addition, in relation to risk assessment, the Risk Manager is responsible for:

- maintaining a framework for risk identification and quantification;
- regularly reviewing the parameters used in these measures and the methodology adopted;
- proposing risk appetite and tolerances to the Board;
- quantifying risks and determining appropriate risk mitigants; and
- reporting on the Applicant's overall risk profile to inform the Board and the CEO's decision-making. The Risk Manager is responsible for the day-to-day of the Applicant's Risk Management Program.

⁴ The Fit and Proper Guidelines can be found at <https://www.mas.gov.sg/regulation/guidelines/guidelines-on-fit-and-proper-criteria>.

Board Committees

2.1.7 The Applicant's Board may from time to time constitute and appoint committees as it may deem necessary or advisable, but has not established any committees so far. There is no regulatory requirement under Singapore law for the Board or the Applicant to establish committees.

(b) that business and regulatory decisions are in keeping with its public interest mandate,

2.1.8 The Applicant is committed to ensuring the integrity of BTBS and the stability of the financial system, and that its business and regulatory decisions align with its public interest mandate. The rules, policies and activities of the Applicant incorporate the Applicable Rules, which are designed to ensure best practices and fulfill this public interest mandate. Also, the Applicant has adopted rules and is adopting surveillance systems which are designed to ensure that trade negotiations by participants are conducted in a manner consistent with applicable law to avoid manipulation and disorderly trading conditions. As described above, the Applicant's Board consist of highly qualified individuals whose responsibilities are to oversee the Applicant and its compliance with its rules, policies and procedures, which are designed to ensure the Applicant continues to operate in a manner that fulfills this public interest mandate.

(c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

2.1.9 Although the Applicant acknowledges the best practice and benefits of including independent directors among the Board's membership, the Applicant does not believe that it is necessary to have independent directors at this time, as the Applicant is a wholly-owned subsidiary within the Bloomberg Group. In addition, MAS does not require that an RMO have any independent directors. Accordingly, all directors of the Applicant are employees of an affiliate of the Applicant.

2.1.10 The Applicant considers several factors in determining the composition of the Board, including whether directors, both individually and collectively, possess the required integrity, experience, judgment, commitment, skills and expertise to exercise their obligations of oversight and guidance over an OM. The Applicant's directors have broad experience in the financial services industry and some serve or have served as officers of various affiliates of the Applicant.

2.1.11 There are no term limits for directors. The Applicant does not believe it should establish term limits or mandatory retirement ages for its directors as such limits may deprive the Applicant of valuable contributions and specialized skill-sets.

2.1.12 The inclusion of executives from a range of areas within the Bloomberg Group's business ensure that there is a proper balance among the interests of different market participants using the services and facilities of BTBS, and that feedback and concerns from various constituencies with an interest in BTBS are adequately conveyed to and considered by the Board.

2.1.13 Each of the Applicant's directors and Chief Executive Officer (CEO) serve in senior roles within the Bloomberg Group where they are regularly engaged in a wide variety of matters concerning the Applicant's different market participants. Specifically, Mr. Derek Kleinbauer (Director) serves as Global Head for Fixed Income & Equities Electronic Trading Solutions for the Bloomberg Group; Mr. Eric Chang (Director) serves as senior Sales Representatives at the Applicant; Ms. Amelia Quek (Director) previously served as ASEAN Head for Fixed Income & FX Electronic Trading Sales for the Bloomberg Group and a senior Sales Representative at the Applicant, and she currently serves as Bloomberg Group's APAC Head for Pricing & Venues Content Acquisition and Business Management; Mr. Ashlesh Gosain (Director) serves as the Bloomberg Group's APAC Head of Electronic Trading; and Mr. Vee Sen Ong (Director and CEO) serves as the Bloomberg Group's Head of Electronic Trading Solutions (Listed), ASEAN.

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

2.1.14 The Board is accountable for putting a conflicts management framework in place and implementing systems, controls and procedures to identify, escalate and manage conflicts of interest. The Applicant, through its conflict of interest rules, policies and procedures, has established a robust set of safeguards designed to identify, prevent, manage and monitor actual and potential conflicts of interest, which apply to the Applicant's Board, officers and employees.

2.1.15 Under the MAS Guidelines on Risk Management Practices (the "**MAS Risk Management Guidelines**"), the Applicant is recommended to have adequate policies, procedures and controls to address conflict of interest situations. The Applicant takes the view that the requirements under the SFA for the Applicant to ensure its market is fair, orderly and transparent,

and manage any risks associated with its operations and business prudently, require the Applicant to have a conflicts of interest policy.

2.1.16 Accordingly, the Applicant has established a conflict of interest policy that is contained in its Compliance Manual that contains arrangements to prevent actual or potential conflicts of interest. All directors and employees are responsible for identifying and raising conflicts of interest through the appropriate channels.

2.1.17 If the Applicant identifies a conflict of interest, the Applicant will take appropriate steps to either avoid or manage such conflict. If the Applicant considers that the arrangements made by it to manage conflicts are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a customer will be prevented, the Applicant may disclose in writing to Compliance and the customer the general nature and/or sources of conflicts of interest before undertaking business for the customer or upon identification of the conflicts.

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.1.18 *Qualifications:* See the preceding paragraphs above for information on the Applicant's Board members' qualifications. Members of the Applicant's management team are recruited for their particular position based upon their skills and expertise. Their individual goals and performance are regularly assessed by their direct manager as part of the Applicant's performance management process.

2.1.19 *Remuneration:* None of the directors are remunerated for their roles on the Board.

2.1.20 *Limitation of liability:* Pursuant to the BTBS Rulebook, the liability of the Applicant, its directors, officers and employees to any person in connection with the Applicant's operation of BTBS is limited to the fullest extent permitted under applicable law.

2.1.21 *Indemnity:* Subject to the provisions of the Singapore *Companies Act*, pursuant to the Applicant's Articles of Association, the directors are entitled to indemnification from the Applicant for any losses incurred in the execution of their duties. The Singapore *Companies Act* places several limitations upon the ability of a company to indemnify directors. Under section 172(1) of the Singapore *Companies Act*, any provision that purports to exempt a director (to any extent) from any liability that would otherwise attach to him or her in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void. Further, under section 172(2) of the *Companies Act*, any provision by which a company directly or indirectly provides an indemnity (to any extent) for a director of the company against any liability attaching to him or her in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void, except as permitted by section 172A or 172B of the Singapore *Companies Act*. Section 172A of the Singapore *Companies Act* permits a company to purchase and maintain insurance for an officer of the company against any liability referred to in section 172(2) of the Singapore *Companies Act*. Section 172B of the Singapore *Companies Act* provides that the broad prohibition on indemnities pursuant to subsection 172(2) of the Singapore *Companies Act* does not extend to liability incurred by the director to a person other than the company. However, this exemption does not apply if the indemnity is against (a) any liability of the director to pay a fine in criminal proceedings or sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising) or (b) any liability incurred by the director (i) in defending criminal proceedings in which he or she is convicted; (ii) in defending civil proceedings brought by the company or a related company in which judgment is given against him or her; or (iii) in connection with an application for certain types of relief in which a court refuses to grant relief.

2.2 Fitness – The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

2.2.1 Responsibility lies with the Applicant to satisfy itself that the relevant individual is fit to perform the role applied for. Also, see the description of Board composition and information on the Applicant's director qualifications above.

2.2.2 The Applicant's directors and senior management (including the CEO) are required to complete annual fit and proper declarations which are updated to the Board. The fit and proper declarations are comprised of representations relating to the personnel's honesty, integrity and reputation, financial soundness, and competence and capability.

3. Regulation of Products

3.1 **Review and Approval of Products – The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.**

- 3.1.1 As an RMO operator, the Applicant requires specific authorisation from the MAS to offer BTBS in respect of each type of financial instrument traded on BTBS.
- 3.1.2 Under section 41 of the SFA, RMOs are required to notify the MAS before proceeding with the launch of “relevant products” (as defined in section 41(8) of the SFA). In this regard, MAS Notice SFA 02-N01 sets out the ongoing notification requirements relating to the listing, delisting or trading of relevant products on the RMOs’ OM.
- 3.1.3 The specific authorisation required under section 41 of the SFA and MAS Notice SFA 02-N01 is effected via a certification to the MAS, which assesses, among other things, whether: (a) the underlying interest of the proposed instrument has all the elements of economic utility or offers economic benefits to market participants, (b) there is a probable and significant operational risk to the RMO arising from facilitating the trading of the instrument type, (c) the way the RMO facilitates the trading of the instrument type will not impact the ability of the RMO to continue to satisfy its obligations under the SFA to maintain fair, orderly and transparent functioning of the market, and (d) the RMO has powers to take actions against errant members who engage in market misconduct activities, such as market manipulation.
- 3.1.4 MAS approval is required, and has been granted, for the Applicant to support trade negotiation of foreign exchange and interest rate derivatives. No further MAS approval is required to change, suspend, or remove such instruments, although maintenance of such instruments on BTBS requires an annual assessment and certification to MAS.
- 3.1.5 RMOs are required to notify the MAS that they have established appropriate controls and governance procedures to adequately address the key risks pertaining to relevant products, namely:
- (a) the risk of disorderly trading that may be brought about by a sharp change in prices;
 - (b) the risk of persons acquiring significant amounts of the product which facilitates the ability of those persons to gain from market manipulation; and
 - (c) the legal, operational and reputational risks surrounding the product.
- 3.1.6 As discussed in Section 3.1.1 above, the Applicant must submit a certification to MAS with respect to the trading of new types of over-the-counter derivative contracts on BTBS, which includes a risk assessment of such contracts. Please also see Section 2.1.6 for an overview of the Board’s role on risk oversight. The certification must be re-submitted to MAS on an annual basis.
- 3.1.7 The MAS has powers under section 45 of the SFA to take action if RMOs fail to provide appropriate controls and governance procedures, including imposing higher supervisory capital, requiring an independent audit on specific processes and prohibiting the listing of new products. The MAS may issue a notice in writing under section 46 of the SFA to a RMO to prohibit trading in products if the MAS is of the opinion that it is necessary to protect persons buying or selling such financial instruments.
- 3.1.8 The Applicant is currently authorised by the MAS to offer BTBS in relation to all instruments listed on [Annex B, Part 1](#).⁵ To the extent the Applicant wishes to make available for trading additional classes of financial instruments on BTBS, it would require prior MAS approval and expansion of the Applicant’s RMO license.
- 3.2 **Product Specifications – The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.**
- 3.2.1 As part of the Applicant’s RMO authorization from the MAS, the Applicant identified to the MAS the types of instruments that it intended to make available for trade negotiation. The MAS has authorised the Applicant to provide BTBS for all types of instruments listed on [Annex B, Part 1](#). The BTBS Rulebook designates the instruments which BTBS participants may trade. Any changes to the BTBS Rulebook must be reviewed and approved by the Applicant’s Board.
- 3.2.2 The MAS’s requirements for authorization of RMOs do not make reference to usual commercial customs and practices. Instead, the Applicable Rules focus on maintaining and implementing transparent and non-discriminatory rules, based on objective criteria. The BTBS Rulebook is drafted in accordance with these criteria, which aims to give participants a clear understanding of the lifecycle of a trade. It is the Applicant’s experience that the terms and conditions of the instruments that trade on BTBS are generally accepted and understood by participants.
- 3.3 **Risks Associated with Trading Products – The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.**

⁵ Please also see footnote 1 above.

- 3.3.1 Under subsection 35(1) of the SFA, an RMO must ensure that the systems and controls concerning the assessment and management of risks in respect of every OM that the RMO operates are adequate and appropriate for the scale and nature of its operations, and is liable to a fine for failure to do so.
- 3.3.2 The Applicant's Compliance Department is responsible for ensuring that surveillance systems monitor trading for requisite asset classes (i.e., bonds and OTC derivatives) by all participants onboarded to BTBS to identify and prevent violations of BTBS rules, manipulation, price distortion, disorderly trading conditions and conduct that may involve market abuse, as required by the MAS.
- 3.3.3 The Applicant will carry out trade negotiation surveillance on Ontario Users once the Requested Relief is granted by the Commission. The Applicant has implemented a trade negotiation surveillance program (the "**Program**") to screen for market misconduct behaviours using Scila Real-Time Trade Surveillance ("**SCILA**"), a third-party trade surveillance software. This tool is currently utilised by other Bloomberg regulated entities, including Bloomberg Trading Facility Limited (U.K.), Bloomberg Trading Facility B.V. (Netherlands) and Bloomberg SEF LLC (U.S.). The Applicant's trade surveillance specialist, located in Hong Kong, is responsible for overseeing the implementation and day-to-day operation of trade surveillance in the Asia-Pacific region (including the Program), with support from other regional and global compliance teams.
- 3.3.4 Consistent with other RMOs, the Applicant will comply with any position limits or other limits established by the MAS, as applicable, if and when any such limits are communicated to the Applicant. The Applicant does not impose margin requirements, intra-day margin calls, daily trading limits, price limits, or position limits as BTBS is a trade negotiation platform which only brings together the parties interested in making a trade. As the Applicant is not involved in the settlement portion of the trade, it is the responsibility of each participant to institute and comply with its own margin requirements or limits.
- 3.3.5 All participants are required to implement their own pre- and post-trade controls consistent with their regulatory requirements. As the pre- and post-trade controls which may apply to participants depend on such participants' fact-specific regulatory requirements and will vary from jurisdiction to jurisdiction (if applicable), the Applicant cannot describe such controls which may be applied by participants outside of the BTBS trade negotiation platform to ensure such participants' compliance with their specific regulatory requirements.

4. Access

4.1 Fair Access

- (a) **The exchange has established appropriate written standards for access to its services including requirements to ensure**
 - (i) **participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,**
 - (ii) **the competence, integrity and authority of systems users, and**
 - (iii) **systems users are adequately supervised.**
 - (b) **The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.**
 - (c) **The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.**
 - (d) **The exchange does not**
 - (i) **permit unreasonable discrimination among participants, or**
 - (ii) **impose any burden on competition that is not reasonably necessary and appropriate.**
 - (e) **The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.**
- 4.1.2 Section 33(1)(a) of the SFA requires the Applicant, in so far as is reasonably practicable, to ensure that it operates BTBS as a fair, orderly and transparent OM, which is characterised by non-discriminatory access to market facilities and information.
 - 4.1.3 Pursuant to section 33(1)(d) of the SFA, the Applicant must ensure that access for participation in its facilities is subject to criteria that are (i) fair and objective, and (ii) designed to ensure the orderly functioning of its OM and to protect the

interests of the investing public. Pursuant to section 33(1)(h) of the SFA, the Applicant must maintain governance arrangements that are adequate for its OM to be operated in a fair, orderly and transparent manner.

- 4.1.4 Participant status, access to, and usage of, BTBS is available to all market participants that meet the criteria set forth by the Applicant. The Applicant vets prospective participants against the Applicant’s eligibility criteria as part of its participant onboarding procedures. Chapter 2 (Participants) of the BTBS Rulebook sets out the admission and eligibility criteria that participants must meet. Specifically, to be eligible for admission as a participant, a participant applicant must demonstrate to the satisfaction of the Applicant that it:
- (a) complies, and will ensure that its authorised traders comply, and, in each case, will continue to comply, with the BTBS Rulebook and applicable law;
 - (b) has the legal capacity to negotiate trades in the instruments it selects to negotiate on BTBS;
 - (c) has all registrations, authorizations, approvals and/or consents required by applicable law in connection with the negotiation of trades in instruments on BTBS;
 - (d) has, and shall maintain a valid LEI compliant with the ISO 17442 standard and included in the Global LEI database maintained by the Central Operating Unit appointed by the LEI Regulatory Oversight Committee;
 - (e) has adequate experience, knowledge and competence to negotiate trades in the instruments; and
 - (f) is not a natural person, an independent software provider, a trading venue or an unregulated trading platform or system.
- 4.1.5 In addition to the requirements set forth above, all Ontario Users will be required to sign a Canada User Acknowledgment representing that they meet the criteria set forth in a Canada User Acknowledgment, including that they are appropriately registered under Ontario securities laws, exempt from registration or not subject to registration requirements. The Canada User Acknowledgement requires an Ontario User to make an ongoing representation each time it uses BTBS that it continues to meet the criteria set forth in the Canada User Acknowledgement. An Ontario User is also required to immediately notify the Applicant if it ceases to meet any of the above criteria represented by it on an ongoing basis.
- 4.1.6 The Applicant’s Compliance Department will review on a quarterly basis the status of Ontario Users to confirm whether such Ontario Users are registered under Ontario securities laws, exempt from registration or not subject to registration requirements. As noted in Section 4.1.5 above, an Ontario User is also required to (i) make an ongoing representation each time it uses BTBS that it continues to meet the criteria set forth in the Canada User Acknowledgement, and (ii) immediately notify the Applicant if it ceases to meet any of the criteria represented by it on an ongoing basis. If an Ontario User ceases to meet such criteria, this would constitute a breach of Rule 202 of the BTBS Rulebook and subject the Ontario User to a warning letter, suspension or termination of services.
- 4.1.7 With respect to the regulatory status of the Applicant’s participants to trade in the OM Instruments on BTBS, the Applicant expects that Ontario Users will be (i) registered under Ontario securities laws, (ii) exempt from registration under Ontario securities laws, or (iii) not subject to registration requirements under Ontario securities laws. The following chart outlines the regulatory status of Ontario Users and their counterparties, applicable dealer registration requirements and the principal exemptions from the dealer registration requirement under Ontario securities law that may be relied on by Ontario Users and their counterparties with respect to the classes of OM Instruments traded on BTBS.

OM Instrument	Ontario User and Applicable Registration, Exemption or Not Required to be Registered Status	Counterparty to Ontario User and Applicable Registration, Exemption or Not Required to be Registered Status
Swaps, as defined in section 1a(47) of the United States Commodity Exchange Act (but without regard to any exclusions from the definition): interest rate swaps, credit default swaps, foreign exchange swaps (other than precious metals swaps and deposits).	<ul style="list-style-type: none"> • Dealer registration under section 25 of the Act: applicable to Ontario Users that are in the business of trading; • Dealer exemption under section 35.1 of the Act: applicable to Ontario Users that are prescribed financial institutions; • Not subject to dealer registration requirements currently under section 25 of the Act: applicable to Ontario Users that are not in the business of trading. 	<ul style="list-style-type: none"> • Dealer registration under section 25 of the Act: applicable to Counterparties that are in the business of trading; • Not subject to dealer registration requirements currently under section 25 of the Act: applicable to Counterparties that are not in the business of trading.

<p>Fixed income securities: a debt security that is a foreign security or a debt security that is denominated in a currency other than the Canadian dollar as such terms are defined in National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> (“NI 31-103”); Foreign non-debt securities: any foreign security as defined in NI 31-103 that is not a debt security as defined in NI 31-103; Foreign exchange swaps (includes precious metals swaps and deposits).</p>	<ul style="list-style-type: none"> • Dealer registration under section 25 of the Act: applicable to Ontario Users that are in the business of trading; • Dealer exemption under section 35.1 of the Act: applicable to Ontario Users that are prescribed financial institutions; • Dealer exemption under 8.21 [<i>Specified debt</i>] of NI 31-103: applicable to any Ontario User trading debt securities that qualify as “specified debt” with a Counterparty; • Not subject to dealer registration requirements currently under section 25 of the Act: applicable to Ontario Users that are not in the business of trading. 	<ul style="list-style-type: none"> • Dealer registration under section 25 of the Act: applicable to Counterparties that are in the business of trading; • 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 through or to an Ontario User that is a registered dealer; • Dealer exemption under 8.18 [<i>International dealer</i>] of NI 31-103: applicable to Counterparties that are foreign dealer firms⁶; • Dealer exemption under 8.21 [<i>Specified debt</i>] of NI 31-103: applicable to any Counterparty trading debt securities that qualify as “specified debt” with an Ontario User; • Not subject to dealer registration requirements currently under section 25 of the Act: applicable to Counterparties that are not in the business of trading.
---	---	--

4.1.8 The Applicant may deny the grant of trading privileges or prevent a person from becoming or remaining a participant, if in the Applicant’s sole discretion, the person does not satisfy the eligibility criteria listed above or if the Applicant considers that accepting that person as a participant may prevent the Applicant from complying with applicable law. The Applicant keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

4.1.9 A participant may appeal any decision taken by the Applicant to impose conditions or to suspend or terminate access of any Participant or its Authorised Trader(s) (as such terms are defined in the BTBS Rulebook), giving its reasons for appealing and any information relevant to the appeal. The Applicant has a Participant Suspension and Termination Procedure with a Panel to assess and consider an appeal, as described in Section 7 below.

5. Regulation of Participants on the Exchange

5.1 **Regulation – The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.**

5.1.1 As required by the SFA, the BTBS Rulebook sets out transparent and non-discretionary rules and procedures for fair and orderly trade negotiation by participants. Participants are required to comply with a significant number of rules that govern the negotiation of trades on BTBS. The applicable rules are primarily located in Chapter 3 (Negotiation of Trades) of the BTBS Rulebook which is provided to each participant upon onboarding to BTBS.

5.1.2 The Applicant is dedicated to safeguarding the integrity of BTBS, and has policies and procedures that are designed to ensure that BTBS is free from manipulation and other abusive practices. These efforts are a necessary component of efficiently working markets, and the Applicant is committed to ensuring that participants are able to use BTBS with the knowledge that it remains open and transparent.

5.1.3 The Applicant’s Compliance Department operates an electronic market surveillance system, which is designed to identify potential disorderly market conditions and the risk of market abuse in bonds and OTC derivatives, and has gone live in 2021 Q3. The trade surveillance system is capable of detecting potential market abuse scenarios and violations of the BTBS Rulebook. The automated trade surveillance system has the capability to detect and flag specific trade negotiation patterns and trade negotiation anomalies, compute, retain, and compare trading statistics, reconstruct the sequence of

⁶ Under section 8.18(2)(b)(ii) of NI 31-103, a foreign dealer firm relying on the international dealer exemption may trade with a permitted client 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 with a permitted client.

market activity, perform market analyses to perform in-depth analyses and ad hoc queries of trade negotiation and order-related data.

- 5.1.4 The Applicant has made significant investments in regulatory technology, including staff dedicated solely to the support and continuous development of its regulatory technology infrastructure, enabling the Applicant's regulatory and market protection capabilities to anticipate and evolve with the changing dynamics of the marketplace. The Applicant has also developed an audit trail of market activity and flexible data query and analytical tools that allow its regulatory staff to examine real-time and historical order and transaction data, maintain profiles of markets and participants, and detect negotiation of trade patterns potentially indicative of market abuses.
- 5.1.5 The Applicant performs anti-money laundering and counter-terrorist finance checks as part of its participant onboarding procedures. Where there are reasonable grounds to suspect or where there is a suspicion of money laundering or terrorist financing which the Applicant becomes aware of in the course of participant's activities on BTBS, this will be reported to the Suspicious Transaction Reporting Office of Singapore, which investigates and reports money laundering, terrorist financing and related offenses to the relevant law enforcement and investigative services, and to other relevant regulators as required by applicable regulation (including the MAS).
- 5.1.6 The Applicant has a range of tools for enforcing participants' compliance with the BTBS Rulebook. These tools include issuing written warning letters, temporarily suspending access, imposing conditions on access or terminating a participant's ability to access BTBS.
- 5.1.7 If the trade surveillance specialist identifies a breach of BTBS rules or behavior or an issue that presents an immediate threat to market integrity or orderliness, it will (i) notify the Applicant's Compliance Officer as soon as practicable and (ii) conduct an investigation into the alleged behavior or issue. If the Compliance Officer determines that the breach is not significant, in the first instance the participant will be contacted regarding the breach. In case of multiple repeating incidents, the Compliance Officer may issue a *written warning letter*. No further action is required if the breach is remedied and no further breaches are committed. Otherwise, the Compliance Officer will issue a *final written warning*. If the breach is still not remedied, the Compliance Officer may impose conditions on a participants' or authorised trader's access to BTBS, temporarily suspend the participant involved, pending further investigation and notification of the relevant product manager, or permanently terminate a participant's or an authorised trader's access to BTBS where the act or omission is deemed to be a serious breach of the BTBS Rulebook or regulatory obligation. Participants may appeal a decision in writing within seven business days of receiving notice of any of the aforementioned actions. In such cases an appeals panel (the Rule 208 Panel) is convened.
- 5.1.8 If the Compliance Officer determines that the breach is significant and poses an immediate threat to the stability or integrity of BTBS, the Compliance Officer may *temporarily suspend* the participant involved, pending further investigation, or permanently terminate a participant's or an authorised trader's access to BTBS where the act or omission is deemed to be a serious breach of the BTBS Rulebook or regulatory obligation. Participants may appeal a decision in writing within seven business days of receiving notice of any of the aforementioned actions. In such cases an appeals panel (the Rule 208 Panel) is convened.
- 5.1.9 The Applicant has not issued any warning letters, final warnings or suspensions pursuant to the BTBS Rulebook in the 12 month period preceding September 13, 2021. The BTBS Rulebook under which such letters, final warnings or suspensions would be issued under did not "go-live" until September 13, 2021, coinciding with the launch date of BTBS.
- 5.1.10 Pursuant to Notice CMG-N01 – Reporting of Suspicious Activities and Incidents of Fraud, the Applicant will report to the MAS any suspicious activities and incidents of fraud where such activities or incidents are material to its safety, soundness or reputation. The MAS has the power to investigate and impose unlimited fines for market abuse, and to prosecute for market manipulation. A participant may be referred to a regulator in another jurisdiction with which the MAS has entered into a memorandum of understanding.

6. Rulemaking

6.1 Purpose of Rules

- (a) **The exchange has rules, policies and other similar instruments (Rules) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.**

- 6.1.2 The Applicant's rules are covered in Chapters 1-4 of the BTBS Rulebook, which include: Chapter 2 (Participants), Chapter 3 (Negotiation of Trades), Chapter 4 (Miscellaneous) and the BTBS Market Annexes. In particular, the participant eligibility criteria in Rule 202 (Eligibility) of the BTBS Rulebook and ongoing participant obligations in Rule 203 (Continuing

Obligations of Participants)⁷ of the BTBS Rulebook are transparent, objective and set reasonable minimum standards applicable to all BTBS participants. The Applicant believes that its rules and policies that govern the activities of participants are consistent with its regulatory obligations, including MAS rules and are consistent with all applicable standards of compliance with competition law.

- (b) **The Rules are not contrary to the public interest and are designed to**
 - (i) **ensure compliance with applicable legislation,**
 - (ii) **prevent fraudulent and manipulative acts and practices,**
 - (iii) **promote just and equitable principles of trade,**
 - (iv) **foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,**
 - (v) **provide a framework for disciplinary and enforcement actions, and**
 - (vi) **ensure a fair and orderly market.**

6.1.3 The BTBS Rulebook is subject to the standards and requirements outlined by the Applicable Rules. At a high level, the BTBS Rulebook seeks to ensure fair and orderly markets accessible to all eligible participants that meet the criteria listed in Chapter 2 of the BTBS Rulebook and a Canada User Acknowledgment. This aim is accomplished by establishing rules that reflect the Applicable Rules, criteria that are not contrary to the public interest, and are designed to:

- (i) **ensure compliance with applicable legislation.** Chapter 2 (Participants) of the BTBS Rulebook governs participant requirements and includes a representation and warranty from each person applying to become a participant that it and its authorised traders comply and will continue to comply with the BTBS Rulebook and applicable law. The Applicant is obligated to comply with MAS rules, and must implement rules that require compliance with MAS rules by its participants. The Applicant will proactively monitor its participants' compliance with applicable law and regulation, evidenced in part by its market surveillance systems designed to identify market abuse and prevent disorderly trading conditions.
- (ii) **prevent fraudulent and manipulative acts and practices.** Chapter 3 (Negotiation of Trades) of the BTBS Rulebook specifically prescribes trading practices and trading conduct requirements, including prohibited trading activities, and prohibits fraudulent and misleading activity. The Applicant has instituted procedures to collect information, examine participants' records, directly supervise the market, maintain sufficient compliance staff, conduct audit trail reviews, perform real-time market monitoring and market surveillance and establish an automated trade surveillance system.
- (iii) **promote just and equitable principles of trade.** All systems of BTBS are available to all participants on a non-discriminatory basis. Throughout the BTBS Rulebook, the Applicant has established transparent and objective standards for access to and trading on BTBS to foster competitive and open market participation. The Applicant believes that compliance with the BTBS Rulebook and related compliance procedures promote just and equitable principles of trade.
- (iv) **foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange.** Rule 406 (BTSP Compliance with Applicable Law; Cooperation with Regulatory Authorities) of the BTBS Rulebook authorizes the Applicant to provide full assistance and information to the MAS, and any other regulatory authority (e.g., the Commission), as required by applicable law in connection with any investigation and prosecution of or enforcement action regarding any actual or suspected prohibited trading practice on BTBS. Each participant is also required by Rule 406 to provide full assistance, information or documents to the MAS and any other regulatory authority in connection with (i) any actual or suspected breach of applicable law; and/or (ii) any investigation or prosecution of or enforcement action regarding any actual or suspected prohibited trading practice related to the participant's activity on BTBS.

Rule 407 (Confidentiality) also authorizes the Applicant to provide any material non-public information provided by a participant or an authorised trader to (i) a regulatory authority if the Applicant is requested or legal required

⁷ Each participant of BTBS must at all times: (i) continue to comply with BTBS' eligibility criteria (see the description at section 4.1.3); (ii) accept responsibility for all actions taken by it and its Authorised Traders; (iii) have appropriate internal systems and controls to ensure that it negotiates trades in an orderly manner, and to ensure ongoing compliance with, and prevent breaches of, applicable law and the BTBS Rulebook; and (iv) ensure that its use of any service provider complies with the BTBS Rulebook.

to do so by the regulatory authority, and (ii) to other participant(s) to facilitate a participant's trade negotiation on BTBS.

- (v) **promote a framework for disciplinary and enforcement actions.** Under Chapter 2 (Rules 207 and 208) of the BTBS Rulebook, the Applicant may take action against a participant or its authorised trader(s) in circumstances including, but not limited to, where the participant or its authorised trader(s): (a) materially breaches any rule of the BTBS Rulebook, applicable law or BTBS participant agreement; (b) commits any action set forth in Rule 208 (Suspension or Termination); (c) engages in conduct indicative of disorderly trading or any other conduct which may involve market abuse; or (d) engages in any activities specified in Rule 303 (Prohibited Practices). Under Rule 304 (Market Risk Controls), the Applicant may also suspend, postpone or extend all trading on BTBS, or in respect to one or more instruments on BTBS, where the Applicant reasonably considers it is necessary to (i) maintain the stability or integrity of BTBS, (ii) ensure orderly negotiations, (iii) avoid violation of applicable law, (iv) and/or as otherwise required by applicable law or a regulatory authority or court of competent jurisdiction.
- (vi) **ensure a fair and orderly market.** The Applicant prescribes trading rules, collects and evaluates market activity data, maintains and audits its real-time monitoring program, and audits historical data to detect trading abuses. The Applicant periodically reviews its programs and procedures, including risk analysis, emergency planning, and systems testing. The Applicant regularly audits systems and technology tests both for technical and regulatory compliance. The Applicant's Compliance Department has the capability to suspend all negotiation on BTBS during emergency situations via a "kill switch." The Compliance Department also has the ability to suspend negotiation of specific instruments or instruments of a specific asset class during a trading day, either in response to an emergency situation or by order of a regulator. The Applicant believes that these measures and its rules are designed to ensure a fair and orderly market.

7. Due Process

7.1 Due Process – For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

- (a) **parties are given an opportunity to be heard or make representations, and**
- (b) **it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.**

7.1.2 The Applicant may prevent a person from becoming a BTBS participant, if in the Applicant's sole discretion, the person does not satisfy the eligibility criteria listed in Section 4 or if the Applicant considers that accepting that person as a participant may prevent the Applicant from complying with applicable law. Under Rule 208 (Suspension or Termination) of the BTBS Rulebook, the Applicant may also, in its sole discretion, issue a written warning, suspend, impose conditions on or terminate a participant's or authorised trader's ability to access BTBS for any of the circumstances, violations or events listed in Rule 208(a).

7.1.3 The Applicant's Compliance Department will maintain a surveillance program to monitor transactions undertaken by participants to identify breaches of the BTBS Rulebook, disorderly trade negotiation conditions and conduct that may involve market abuse. If the Compliance Department identifies a breach of BTBS rules or behavior or an issue that presents an immediate threat to market integrity or orderliness, it will (i) notify the Applicant's Compliance Officer as soon as practicable and (ii) conduct an investigation into the alleged behavior.

7.1.4 If the Applicant's Compliance Officer determines that the breach is not significant, in the first instance the participant will be contacted regarding the breach. In case of multiple repeating incidents, the Compliance Officer may issue a *written warning letter*. No further action is required if the breach is remedied and no further breaches are committed. Otherwise, the Compliance Officer will issue a *final written warning*. If the breach is still not remedied or if the Compliance Officer determines that the breach is significant and/or poses an immediate threat to the stability or integrity of BTBS, then the Compliance Officer may take the following actions:

- impose conditions on a participant's or authorised trader's access to BTBS;
- temporarily suspend a participant's or an authorised trader's access to BTBS;
 - This suspension is imposed where there is deemed to be an immediate threat to the orderliness or integrity of BTBS. A temporary suspension will be put into place until an investigation has been completed. A temporary suspension may be extended for a defined duration upon conclusion of an investigation.
- permanently terminate a participant's or an authorised trader's access to BTBS where the act or omission is deemed to be a serious breach of the BTBS Rulebook or regulatory obligation.

- 7.1.5 A participant may appeal any decision taken by the Compliance Officer to impose conditions or to suspend or terminate access of any participant or its authorised trader(s), giving its reasons for appealing and any information relevant to the appeal. Any appeal must be made in writing (providing sufficient particulars of the basis for the appeal) and submitted to a panel comprised of appropriately experienced senior members of the Applicant's Compliance Department and product teams to discuss further actions (**Rule 208 Panel**) within seven (7) business days of receiving notice from the Compliance Officer of a decision made by the Compliance Officer. The Rule 208 Panel shall consider the decision of the Compliance Officer which is the subject of the appeal, and shall notify the participant of its decision within 15 business days of reaching a decision. If the decision of the Compliance Officer is upheld by the Rule 208 Panel, then no further action will be taken. If the decision of the Compliance Officer is overruled, the Rule 208 Panel may eliminate conditions imposed on access, lift a suspension and/or reinstate the access of a participant or its authorised trader to BTBS. The decision of the Rule 208 Panel shall be final, and may not be appealed to the MAS. The participant will be notified of the Rule 208 Panel's decision in writing.
- 7.1.6 If a participant's access is terminated, the Applicant will comply with its regulatory obligations and supply data and information to the MAS when required, and will assist the MAS in any investigation conducted regarding trade negotiation on BTBS.

8. Clearing and Settlement

8.1 Clearing Arrangements – The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.

- 8.1.1 Neither the Applicant nor any of its affiliates acts as a counterparty or takes title to, or provides execution, clearing, settlement or custodial facilities to participants for, any OM Instruments negotiated on BTBS. BTBS participants must comply with any clearing obligation that applies to them under applicable law, including the laws of the province of Ontario.
- 8.1.2 Participants are solely responsible for ensuring the prompt exchange and processing of confirmations directly with their counterparties in accordance with market practice. With respect to settlement, participants are solely responsible for the post-trade settlement of all transactions that are negotiated on BTBS bilaterally. With respect to clearing, if participants are required by applicable regulation or choose to clear a transaction, they are solely responsible for making the necessary arrangements under the BTBS Rulebook.
- 8.1.3 The Applicant facilitates, at the direction of its participants, submission of their negotiated trade details to a clearing house designated by a participant. When sending an RFQ on BTBS, participants are able to select the clearing house that they would like their trades to be submitted to for clearing.
- 8.1.4 It is the Applicant's expectation that Ontario Users either (a) are clearing members of a clearing house and clear directly (provided such clearing house has obtained recognition as a clearing agency in Ontario or an exemption or interim exemption from recognition as a clearing agency in Ontario) or (b) have a relationship with a clearing member on whom the participant relies for clearing.

8.2 Risk Management of Clearing House – The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

- 8.2.1 The Applicant facilitates, at the direction of its participants, submission of their negotiated trade details to a clearing house designated by a participant, in accordance with the policies and procedures of such clearing houses.

9. Systems and Technology

9.1 Systems and Technology – Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

- (a) order entry,
- (b) order routing,
- (c) execution,
- (d) trade reporting,
- (e) trade comparison,
- (f) data feeds,

- (g) **market surveillance,**
 - (h) **trade clearing, and**
 - (i) **financial reporting.**
- 9.1.2 BTBS has appropriate internal controls (that cover all of the critical functions listed above) designed to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and a business continuity plan to enable BTBS to properly carry on its business.
- 9.1.3 The Applicant, and its service provider, BLP, has put safeguards and security tools in place at varying levels across BTBS to protect the critical data and system components of BTBS (the “**Systems**”), including (i) denial of service protection, (ii) firewalls, (iii) configured routers, (iv) demilitarized zones (“**DMZs**”)⁸ and network segmentation; (v) intrusion detection procedures; (vi) event logging and log analysis; and (vii) virus protection.
- 9.1.4 The Applicant has established procedures for configuration management, software change management, patch management and event and problem management. Additionally, the Applicant has established a Business Continuity/Disaster Recovery plan with respect to the Systems. Pursuant to this plan, the Applicant has the ability to respond to and address both small-scale and wide-scale service disruptions to the Systems. Please refer to the Applicant’s response in Section 9.2 below for additional information.
- 9.2 **System Capability/Scalability - Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:**
- (a) **makes reasonable current and future capacity estimates;**
 - (b) **conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;**
 - (c) **reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;**
 - (d) **ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;**
 - (e) **ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;**
 - (f) **maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and**
 - (g) **maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.**
- 9.2.1 The Applicant examines current and historical production loads on BTBS to calculate reasonable current and future capacity estimates.
- 9.2.2 The Applicant supervises and conducts periodic stress testing of the System components, which are designed to ensure that the Systems have sufficient capacity to perform required operational tasks. The Applicant evaluates and monitors capacity requirements to anticipate capacity needs.
- 9.2.3 The Applicant verifies the Systems’ ability to function as intended by conducting regression testing, stress testing, and redundancy testing of the Systems. In addition, the Applicant arranges for penetration tests to be conducted on the Systems from time to time to identify and eliminate any vulnerabilities.
- 9.2.4 The Applicant and its service provider, BLP, periodically conduct risk audits, internal physical security procedures, compliance inspections and arrange for covert physical intrusion tests with independent security firms. Such tests are designed to periodically assess the operating effectiveness of physical security controls, as well as to monitor internal compliance with security policies and procedures.

⁸ A DMZ is used in a computing context to refer to a physical or logical subnetwork that separates an internal local area network from other untrusted networks. DMZs are sometimes known as perimeter networks or screened subnetworks.

- 9.2.5 Engineering staff review and test the Systems periodically to estimate and plan for future system capacity, identify potential weak points and reduce the risk of system failures and threats to system integrity. The Systems are comprised of several servers in an application cluster (the “**Application Cluster**”) and a database cluster, each running discrete instances of operating software. The Application Cluster runs in a “hot-warm” configuration. A “hot-warm” configuration means that in addition to a server on which a specific task is running, there is a backup server that receives regular updates on the task and is standing by ready to take over in the event of a failover after a brief “switching” process. A specific software instance on an Application Cluster machine is live at any point of time for a given trade. In the event of a server malfunction, a server is typically marked as “offline,” at which point subsequent requests are diverted to the other servers.
- 9.2.6 The Applicant has established configuration management controls and procedures that have the following objectives:
- (a) maintain centralized control for all hardware during the testing and rollout phases of new equipment;
 - (b) ensure that hardware has sufficient capacity for both present and future operating requirements;
 - (c) limit access to the operating system on a need-to-know, job function-related basis;
 - (d) prevent unauthorised access to the Systems; and
 - (e) provide active performance monitoring of production server machines.
- 9.2.7 The Applicant reviews and keeps current development and testing procedures for the Systems pursuant to relevant policies and procedures.
- 9.2.8 The Applicant’s Business Continuity/Disaster Recovery Plan is designed to allow for the recovery and resumption of operations and the fulfillment of the duties and obligations of the Applicant following a disruption of its operations, subject to extenuating or unforeseen circumstances. The Applicant maintains sufficient resources to enable it to resume its operations following an unscheduled downtime (e.g., caused by an Incident, as defined in the Applicant’s Incident Management and Response Policy and Procedure) within the Recovery Time Objective (“**RTO**”) as defined by relevant regulatory requirements. As part of the Business Continuity/Disaster Recovery Plan, the Applicant performs periodic tests to verify that the resources outlined in the plan are designed to ensure continued fulfillment of all relevant duties of the Applicant under Applicable Rules. The Applicant’s databases are backed-up to tape daily, and the back-up tapes are stored at an on-site location for 30 days. Monthly back-up tapes are stored at an off-site location pursuant to relevant recordkeeping and retention requirements.
- 9.3 **Information Technology Risk Management Procedures – The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.**
- 9.3.1 The Applicant uses risk monitoring tools and risk controls to prevent and reduce the potential risk of market disruptions, including the following: (i) price outlier detection tool; (ii) pricing change monitoring tool; (iii) trading kill switch; (iv) notional outlier size limitations; (v) authorised trader lists and asset class limitations; (vi) trade negotiation rejection capability; and (vii) trade negotiation cancellation capability.
- 9.3.2 The Applicant may at any time suspend, postpone or extend trade negotiations on BTBS as a whole, or in respect of one or more instruments, where the Applicant considers such action necessary (i) to maintain the stability or integrity of BTBS; (ii) to ensure orderly trade negotiation; (iii) to avoid violation of applicable law; and/or (iv) as otherwise required by applicable law or pursuant to an order or request of a regulatory authority or court of competent jurisdiction.
- 9.3.3 A decision to suspend, extend or postpone a trade negotiation session on BTBS is a joint decision to be agreed among key stakeholders including the Board and management members of the Applicant. An adjustment of the trade negotiation session could arise due to a significant event impacting market volatility.
- 10. Financial Viability**
- 10.1 **Financial Viability – The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.**
- 10.1.1 The Applicant has adequate financial and staff resources to carry on its activities in full compliance with its regulatory requirements and with best practices. The Applicant is subject to minimum regulatory capital requirements, and must submit financial reports to the MAS.

10.1.2 To assess its regulatory capital requirements, the Applicant identifies risks that are relevant and material to its business as a whole. The Applicant assesses whether it is appropriate to hold capital against those risks either on a base case or under stressed scenarios.

10.1.3 The Applicant is capitalized in excess of regulatory requirements and will maintain any future minimum capital amounts needed to meet MAS's requirements.

11. Transparency

11.1 Trading Practices - Trading Practices are fair, properly supervised and not contrary to the public interest.

11.1.1 The Applicant is obligated to comply with the Applicable Rules and requirements which require trading practices that are fair, properly supervised and not contrary to the public interest. Specifically, the Applicable Rules, which the Applicant adheres to, provides:

(a) **Fair trading practices:** Section 33(1)(e) of the SFA requires the Applicant to operate in a "fair, orderly and transparent manner".

(b) **Properly supervised trading practices:** Under Part XII, Division 1 of the SFA, the MAS has established a comprehensive regulatory framework to ensure market integrity and prevent insider dealing and market manipulation in relation to securities, units in collective investment schemes and derivatives contracts. This framework prohibits, and authorises MAS to take enforcement action against, practices which could result in distorting the functioning of the markets, including:

- false trading and market rigging (section 197 of the SFA);
- bucketing (section 201A of the SFA);
- price manipulation (section 201B of the SFA);
- employment of fraudulent or deceptive device (section 201 of the SFA); and
- dissemination of information about illegal transactions (section 202 of the SFA).

(c) **Trading practices that are not contrary to the public interest:** Pursuant to Notice CMG-N01 – Reporting of Suspicious Activities and Incidents of Fraud, the Applicant the Applicant will report to the MAS any suspicious activities and incidents of fraud where such activities or incidents are material to its safety, soundness or reputation. The MAS has the power to investigate and impose unlimited fines for market abuse, and to prosecute for market manipulation. A participant may be referred to a regulator in another jurisdiction with which the MAS has entered into a memorandum of understanding. Furthermore, section 33(1)(e) of the SFA requires the Applicant to operate in a "fair, orderly and transparent manner"

11.1.2 Chapter 3 (Negotiation of Trades) of the BTBS Rulebook addresses permitted and prohibited practices on BTBS, incorporates the Applicable Rules requirements outlined above and is designed to ensure a fair, orderly and transparent market accessible to all eligible participants, which market is properly supervised and operated in a manner consistent with the public interest.

11.2 Orders - Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.2.1 All order types and all order trading protocols are available to all participants. The Applicant has only one type of participant, and all of the Applicant's requirements apply to all participants equally.

11.3 Transparency – The exchange has adequate arrangements to record and publish accurate and timely trade and order information. This information is provided to all participants on an equitable basis.

11.3.1 Unlike with a traditional marketplace, transaction details for BTBS are not widely known beyond the counterparties for the completed transaction. Trading interests are not widely displayed as in a standard marketplace. However, such information is available to those parties involved in the transactions. All participants have access to post-trade negotiation reports for their own trades. The Applicant holds records of negotiated transactions for a period of seven years. MAS does not have pre- or post-trade transparency rules for RMOs.

11.3.2 Additionally, each participant has access to pricing within the user interface. Participants can access indicative pricing which shows the average market price to all participants. When participants want to negotiate a trade using RFQ, they

also receive dynamic live pricing from counterparties with which they have relationships. Participants also reconcile trades that they have undertaken with the indicative pricing at the time of the trade. As a result, participants have full pricing transparency and BTBS meets the requirement noted above.

- 11.3.3 Trade reporting obligations for derivatives transactions pursuant to Ontario law apply to a reporting counterparty to a derivatives transaction involving a local counterparty. For purposes of compliance with Ontario law, dealer counterparties that are determined to be reporting counterparties may satisfy the reporting requirements under Ontario law by reporting derivatives transactions to an entity that is designated as a trade repository.
- 11.3.4 Trade reporting obligations for trades in unlisted debt securities pursuant to Ontario law apply to a person or company where the trades are executed by or through that person or company. Under NI 21-101, such persons or companies are currently marketplaces, dealers, inter-dealer bond brokers and banks listed in Schedule I, II and III of the *Bank Act* (Canada) ("**Canadian Banks**"). For purposes of compliance with Ontario law, participants that are registered dealers (and members of the Investment Industry Regulatory Organization of Canada ("**IIROC**")), inter-dealer bond brokers or Canadian Banks may satisfy the reporting requirements under Ontario law by reporting trades in unlisted debt securities to IIROC (as Information Processor). Where no counterparty to a trade in unlisted debt securities is a registered dealer (and IIROC dealer member) or a Canadian Bank, Tradebook Canada is responsible for reporting the trade to IIROC.

12. Compliance, Surveillance and Enforcement

12.1 Jurisdiction - The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.1.1 An OM is required under the Applicable Rules to set rules, conduct compliance reviews, monitor participants' trading activity and take enforcement action against participants when appropriate.

12.1.2 Pursuant to Notice CMG-N01 – Reporting of Suspicious Activities and Incidents of Fraud, the Applicant will report to the MAS any suspicious activities and incidents of fraud where such activities or incidents are material to its safety, soundness or reputation. The MAS has the power to investigate and impose unlimited fines for market abuse, and to prosecute for market manipulation. A participant may be referred to a regulator in another jurisdiction with which the MAS has entered into a memorandum of understanding. The MAS may choose to take further action against a participant in its discretion.

12.1.3 The Applicant will comply with its regulatory obligations and supply data and information to the MAS when required, and will also assist the MAS in any investigation conducted regarding trading on BTBS. Please also see Section 5.

12.2 Member and Market Regulation - The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.2.1 The Applicant has instituted procedures and controls to collect information, examine participants' records, supervise trade negotiation on BTBS, maintain sufficient Compliance staff, establish procedures for and conduct audit trail reviews, perform automated real-time market monitoring and market surveillance and establish an automated trade surveillance system to evaluate participants' compliance with the BTBS Rulebook and applicable law. Members of the Applicant's Compliance and Engineering Departments, and members of BLP's Legal Department, as well as the Applicant's key business personnel, also work to evaluate and ensure the Applicant's compliance with relevant BTBS and legislative requirements.

12.2.2 Sections 5 and 7 of this application describe the resources available to the Applicant to investigate breaches of the BTBS Rulebook and to enforce its rules.

12.3 Availability of Information to Regulators - The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

12.3.1 Please see Section 16 below.

13. Record Keeping

13.1 **Record Keeping – The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.**

- 13.1.1 The Applicable Rules require the Applicant to keep orderly records of its business and internal organization, including all services and transactions undertaken by it to enable the MAS to monitor it. The Applicant implemented policies designed to ensure that the MAS has ready access to the Applicant's records that it is required to maintain under Applicable Rules, from which the MAS should be able to reconstruct each key stage of a transaction on BTBS if required.
- 13.1.2 With respect to trade negotiations in connection with an over-the-counter derivative conducted through the Applicant, the Applicant maintains a record that includes, but is not limited to, the underlying asset, settlement currency, notional amount, and trade negotiation date.
- 13.1.3 The Applicant complies with applicable regulatory record retention requirements. Under the Applicable Rules, the MAS requires the Applicant to keep records for a period of five years after the date of the expiry or termination of a contract, an agreement or a transaction to which the book or information relates.
- 13.1.4 The Applicant collects data related to its regulated activity on a daily basis. The Applicant maintains an "audit trail" for every RFQ, RFT or RFS sent and response to the RFQ, RFT or RFS on BTBS. Audit trail information for each transaction includes the RFQ/RFT/RFS instructions, entry time, modification time, price, quantity, account identifier and parties to the transaction, as well as the firm number connected with an RFQ/RFT/RFS and the date and time when an RFQ/RFT/RFS is sent, modified, expired or cancelled. On a daily basis, files of all electronic order and cleared trade information are archived in a non-rewritable non-erasable format, and multiple copies are stored for redundancy and critical safeguarding of the data for five years.
- 13.1.5 The Applicant also keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access, along with a record of any breaches of BTBS rules by its participants.

14. Outsourcing

14.1 Outsourcing – Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

- 14.1.1 Pursuant to a License and Services Agreement (the "**Services Agreement**"), the Applicant outsources the provision of software, hardware, intellectual property and certain support services to its parent, BLP. These support services include systems support, administration, office space, telecommunications, accounting and financial services, legal, secondment of staff and other support.
- 14.1.2 Under the Applicable Rules, the Applicant must ensure when outsourcing critical or important operational functions that (among other things), (i) it takes reasonable steps to avoid undue additional operational risk and (ii) the outsourcing does not materially impair the quality of its internal control and the ability of the MAS to monitor its compliance with regulatory obligations. The Applicant remains fully responsible for discharging its obligations under the regulatory system and must ensure that the outsourcing does not alter its relationship and obligations towards participants. The Applicant's procedures are designed to ensure that the relevant regulatory requirements are satisfied in connection with outsourcing of critical or important operational functions. All material outsourcing agreements require Board approval. The Services Agreement permits the Applicant to meet its obligations and is in conformance with industry best practices. The Applicant has the right to audit the services provided by BLP pursuant to the Services Agreement.
- 14.1.3 The Applicant has adopted an internal audit function that provides for internal audit review as assurances to the Board. The Applicant's CEO is responsible for coordinating with BLP's Internal Audit Liaison Officer and for reporting results and status of internal audits to the Board. KPMG LLP is Bloomberg's internal audit co-source service provider.

15. Fees

15.1 Fees

- (a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.**

- 15.1.1 Section 33(1)(e) of the SFA requires the Applicant to operate BTBS in a "fair, orderly and transparent manner", including with respect to the Applicant's fee structure, any trade negotiation fees, ancillary fees and rebates. Pursuant to Regulation 25 of the *Securities and Futures (Organised Markets) Regulations 2018* ("**SF(OM)R**"), the Applicant must make available at no cost to any person upon that person's request, or publish in a manner that is accessible at no cost, information on the fees and charges applicable to each product available on BTBS and each service offered by the Applicant.

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

15.1.2 The Applicant ensures that its fee structure is sufficiently granular to allow BTBS participants to predict the payable fees on the basis of at least the following elements: (a) chargeable services, including the activity which will trigger the fee, (b) the fee for each service, stating whether the fee is fixed or variable, and (c) rebates, incentives or disincentives. The Applicant also publishes objective criteria for the establishment of its fees and fee structures, together with trade negotiation fees, ancillary fees, rebates, incentives and disincentives in one comprehensive rate card which is provided to participants upon request.

16. Information Sharing and Oversight Arrangements

16.1 **Information Sharing and Regulatory Cooperation – The exchange has mechanisms in place to enable it to share information and otherwise cooperate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.**

16.1.1 The Applicant has established a process that enables it to respond to requests from regulators regarding the Applicant in a timely manner. It is the Applicant's policy to respond promptly and completely to any proper regulatory inquiry or request for documents. All inquiries and other communications from the Commission will be referred immediately to the BLP Legal Department and the Applicant's Compliance Department.

16.1.2 Rule 406 (BTSP Compliance with Applicable Law; Cooperation with Regulatory Authorities) of the BTBS Rulebook authorizes the Applicant to provide full assistance and information to the MAS, and any other regulatory authority (e.g., the Commission) as required by applicable law, in connection with any investigation and prosecution of or enforcement action regarding any actual or suspected prohibited trading practice on BTBS. Each participant is also required by Rule 406 to provide full assistance, information or documents to the MAS and any other regulatory authority in connection with (i) any actual or suspected breach of applicable law; and/or (ii) any investigation or prosecution of or enforcement action regarding any actual or suspected prohibited trading practice related to the participant's activity on BTBS. Please see the discussion at Section 6.1.2(iv).

16.2 **Oversight Arrangements – Satisfactory information sharing and oversight agreements exist between the Ontario Securities Commission and the Foreign Regulator.**

16.2.1 The OSC and the MAS are both signatories of (a) the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information of the International Organization of Securities Commissions dated May 2002, as revised in May 2012, which sets forth the signatory authorities' intent with regard to mutual assistance and the exchange of information for the purpose of enforcing and securing compliance, and (b) the Memorandum of Understanding Concerning Cooperation and the Exchange of Information Related to Supervision of Cross-Border Covered Entities dated July 15, 2021 between the OSC and the MAS⁹.

17. IOSCO Principles

17.1 **IOSCO Principles – To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (IOSCO) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).**

17.1.1 The Applicant adheres to the standards of IOSCO to the extent that such standards are incorporated into the Applicable Rules. The MAS is a member of IOSCO and contributes to IOSCO's policy and standard setting work through participation in the various Standing Committees and Task Forces.

PART IV SUBMISSIONS BY THE APPLICANT

1. Submissions Concerning the Requested Relief

1.1 The OM Instruments that the Applicant intends to make available to trade on BTBS fall under the definition of “derivative” or “security” as set forth in subsection 1(1) of the Act. The Applicant does not and will not permit trading of commodity futures contracts (as defined in the *Commodity Futures Act* (Ontario)). BTBS falls under the definition of “marketplace” set out in subsection 1(1) of the Act because it brings together buyers and sellers of securities and derivatives and uses established, non-discretionary methods under which orders interact with each other (i.e., has a rulebook).

1.2 An “exchange” is not defined under the Act; however, subsection 3.1(1) of the companion policy to NI 21-101 provides that a “marketplace” is considered to be an “exchange” if it, among other things, sets requirements governing the conduct of marketplace participants. An OM has certain obligations to monitor participants' trading activity. Because an OM sets

⁹ Available at <https://www.osc.ca/en/about-us/domestic-and-international-engagement/international-mous/notice-memorandum-understanding-cooperation-and-exchange-information-related-0>.

requirements for the conduct of its participants, it is considered by the Commission to be an exchange for purposes of the Act.

- 1.3 Because the Applicant seeks to provide Ontario Users with direct access to trading OM Instruments on BTBS, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act.
- 1.4 Pursuant to OSC Staff Notice 21-702 – *Regulatory Approach for Foreign-Based Stock Exchanges*, the Commission considers an exchange located outside Ontario to be carrying on business as an exchange in Ontario if it provides Ontario Users with direct access to the exchange. The Applicant acknowledges that providing Ontario Users with direct access to trading of the OM Instruments on BTBS is considered by the Commission to be “carrying on business as an exchange” in Ontario, and therefore must either be recognised or exempt from recognition by the Commission.
- 1.5 Pursuant to Canadian Securities Administrators (“CSA”) Staff Notice 21-328 – *Regulatory Approach to Foreign Marketplaces Trading Fixed Income Securities (“CSA Staff Notice 21-328”)*, the CSA have developed a framework for granting exemptions from the exchange recognition requirements to foreign ATs and foreign multilateral trading facilities (“MTFs”) in respect of trading foreign fixed income securities. With respect to foreign MTFs, the CSA states that they will consider allowing foreign MTFs to trade foreign fixed income securities under the current exemption regime applicable to derivatives trading by foreign derivatives exchanges, swap execution facilities and MTFs, but will include additional terms and conditions where appropriate. Although OMs are not specifically referenced in CSA Staff Notice 21-328, they have self-regulatory responsibilities similar to MTFs, and are considered “exchanges” under Ontario securities law. Therefore, CSA Staff Notice 21-328 should also apply to the operation of OMs that offer access to Canadian participants.
- 1.6 The Applicant notes that exemptive relief in respect of trading foreign fixed income securities has been granted to the following foreign ATS applicants pursuant to the regulatory framework described in CSA Staff Notice 21-328: (i) *In the Matter of Trumid Financial, LLC* (February 24, 2021), and (ii) *In the Matter of ICE Bonds Securities Corporation* (June 19, 2020).
- 1.7 The Applicant satisfies all the criteria for exemption from recognition as an exchange set forth by Commission Staff, as described under Part III of this application, for all of the OM Instruments. Ontario Users that trade in the OM Instruments would benefit from the ability to trade on BTBS, as they would have access to trading a range of securities and derivatives with counterparties that otherwise may not be available in Ontario. Stringent MAS oversight of BTBS, as well as the sophisticated information systems, regulations and compliance functions that have been adopted by the Applicant are designed to ensure that Ontario Users are adequately protected in accordance with international standards set by IOSCO.
- 1.8 The Applicant submits that an exemption from recognition is appropriate for BTBS because the Applicant is subject to regulation by the MAS and full regulation by the Commission would be duplicative and inefficient. In addition, BTBS provides certain Ontario Users with significant access to liquidity as of September 13, 2021 pursuant to the marketplace conduit arrangement with Tradebook Canada described in Part II, paragraph 2.2, for which, at least for certain types of transactions, there is no appropriate alternative marketplace. The consequence of the Requested Relief not being granted would be loss of access to BTBS for the Ontario Users which would reduce their access to liquidity and therefore Ontario capital markets will be disrupted if the Requested Relief is not granted.
- 1.9 Based on the foregoing, we submit that it would not be prejudicial to the public interest to grant the Requested Relief.

If you have any questions or require anything further, please do not hesitate to contact us.

Yours very truly,

BLOOMBERG TRADEBOOK SINGAPORE PTE LTD

“Derek Kleinbauer”

Name: Derek Kleinbauer

Title: Director

cc: Ramandeep K. Grewal, Stikeman Elliott LLP

ANNEX A

The Applicant seeks the Requested Relief to cover trading by Ontario Users of the following instruments on BTBS:

- i. **“Foreign Debt Securities,”**¹ which are defined as any debt security (as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)*) that is a foreign security (as defined in NI 31-103) or a debt security that is denominated in a currency other than the Canadian dollar, including:
 - a. debt securities issued by the U.S. government (including agencies or instrumentalities thereof);
 - b. debt securities issued by a foreign government;
 - c. debt securities issued by corporate or other non-governmental issuers (U.S. and foreign); and
 - d. asset-backed securities (including mortgage-backed securities), denominated in either U.S. or foreign currencies;
- ii. interest rate swaps, as defined in section 1a(47) of the U.S. *Commodity Exchange Act* (“**IRS**”);
- iii. credit default swaps, as defined in section 1a(47) of the U.S. *Commodity Exchange Act* (“**CDS**”)²;
- iv. foreign exchange swaps, as defined in section 1a(47) of the U.S. *Commodity Exchange Act* (but without regard to any exclusions from the definition), including precious metals swaps, foreign exchange spot and deposits (collectively, “**FX**”);
- v. **“Foreign Non-Debt Securities”** which are defined as any foreign security as defined in NI 31-103 that is not a debt security as defined in NI 31-103, including
 - a. securities of foreign exchange-traded funds, which refers to a fund in continuous distribution that is incorporated, formed or created under the laws of a foreign jurisdiction; and
 - b. stock loans, which refer to securities lending arrangements in which securities are temporarily transferred from one party (the lender) to another party (the borrower) in return for a fee. Under the lending arrangement, the borrower is obliged to redeliver to the lender the securities or identical securities to those that were transferred or lent, either on demand or at the end of the loan term.

¹ For greater certainty, “Foreign Debt Securities” includes convertible debt securities and the following money market instruments (U.S. and foreign): commercial paper, agency discount notes, government treasury bills, certificates of deposit, bankers’ acceptances, promissory notes and bearer deposit notes.

² “CDS” includes single-name (credit default) swaps.

ANNEX B

Part 1

The Applicant supports the following instruments under its RMO license:

- i. equity shares
- ii. bonds, including sovereign bonds, credit bonds, and exchange-traded commodities and exchange-traded notes bond types;
- iii. money market instruments;
- iv. securities financing transactions (including repurchase transactions, buy-sell and sell-buy back transactions);
- v. exchange-traded funds;
- vi. interest rate swaps;
- vii. credit default swaps;
- viii. OTC equity, index and exchange-traded funds options;
- ix. listed equity, index and exchange-traded funds options;
- x. foreign exchange derivatives (non-deliverable forwards; non-deliverable swaps; average rate forwards; options);
- xi. deliverable foreign exchange derivatives (deliverable forwards and deliverable swaps);
- xii. deposits, trade finance and foreign exchange spot; and
- xiii. precious metal derivatives.

Part 2

The Applicant may determine to support the following instruments under an expanded RMO license in the future, subject to MAS approval:

- i. futures

ANNEX C

BTBS's trade negotiation protocols currently include the following. The Applicant has been authorised by the MAS to provide all trade negotiation protocols listed below to its participants.

- (a) **RFQ Function:** A 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 a 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 will not know the identity of the other RFQ Respondents. The RFQ Requestor can click on a bid or offer from a RFQ Respondent to send an acceptance message.
- (b) **RFT Function:** A participant can send to a liquidity provider that has a pre-established relationship with the participant a message requesting execution of a transaction on the terms stated in the message. This negotiation method is not available for all instruments traded on BTBS.
- (c) **RFS Function:** A participant (a "**RFS Requestor**") can send an RFS message to one or more liquidity providers (a "**RFS Respondent**") that has a pre-established relationship with the RFS Requestor. A RFS Respondent can respond with streaming bids and offers if it wishes. The RFS Requestor can click on a response to the RFS and send a message requesting execution of a transaction on the terms stated in the message, which includes the price from the streaming quote, to the RFS Respondent. The RFS Respondent can accept or reject the RFS Requestor's message. This negotiation method is not available for all instruments traded on BTBS.