

ALBERTA SECURITIES COMMISSION

ORDER

Citation: Re Plus500CA Ltd., 2025 ABASC 88

Date: 20250626

Plus500CA Ltd.

Background

1. Plus500CA Ltd. (the **Filer**) has applied to the Executive Director of the Alberta Securities Commission (the **Executive Director**) for an order under section 7.1 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) exempting the Filer from the requirements of section 6.1 of NI 45-106 in connection with the distribution of contracts for difference and over-the-counter (**OTC**) foreign exchange contracts (collectively, **CFDs**) to Alberta residents (the **Exemption Sought**), provided that the Filer complies with the terms of this Order.

Interpretation

2. Terms defined in the *Securities Act* (Alberta) or in National Instrument 14-101 *Definitions* have the same meaning in this order unless otherwise defined.

Representations

3. This order is based on the following facts represented to the Executive Director by the Filer:
 - (a) The Filer is a corporation incorporated under the federal laws of Canada with its principal place of business in Toronto, Ontario.
 - (b) Plus500 Ltd., the ultimate parent company of the Filer, is a public company listed on the London Stock Exchange.
 - (c) The Filer is registered as a dealer in the category of investment dealer in each of the provinces and territories of Canada (except for Québec), and is a member of the Canadian Investment Regulatory Organization (**CIRO**).
 - (d) The Filer is not in default of applicable securities legislation in any province or territory of Canada, or IDPC Rules or CIRO Acceptable Practices (both as defined below).
 - (e) The Filer wishes to offer CFDs to investors in Alberta pursuant to applicable prospectus exemptions in NI 45-106 without having to file a Form 45-106F1 *Report of Exempt Distribution* (**Form 45-106F1**) within 10 days of each distribution.
 - (f) As a member of CIRO, the Filer is only permitted to enter into CFDs pursuant to CIRO's Investment Dealer and Partially Consolidated Rules (the **IDPC Rules**).
 - (g) In addition, CIRO has communicated to its members certain additional expectations as to acceptable business practices (**CIRO Acceptable Practices**) as articulated in

CIRO's paper "Regulatory Analysis of Contracts for Differences (CFDs)" published by CIRO (formerly, the Investment Industry Regulatory Organization of Canada (IIROC)) on June 6, 2007, as amended on September 12, 2007, for any CIRO member proposing to offer CFDs to investors. The Filer is in compliance with CIRO Acceptable Practices in offering CFDs. The Filer offers CFDs in accordance with CIRO Acceptable Practices as may be established from time to time, and does not, and will not, offer CFDs linked to bitcoin, cryptocurrencies or other novel or emerging asset classes to investors in Alberta without the prior written consent of CIRO.

- (h) A CFD is a derivative product that allows clients to obtain economic exposure to the price movement of an underlying instrument, such as a share, index, market sector, currency pair, treasury or commodity, without the need for ownership and physical settlement of the underlying instrument. Unlike certain OTC derivatives, such as forward contracts, CFDs do not require or oblige either the principal counterparty (being the Filer for the purposes of the Exemption Sought) nor any agent (also being the Filer for the purposes of the Exemption Sought) to deliver the underlying instrument.
- (i) CFDs offered by the Filer do not confer the right or obligation to acquire or deliver the underlying security or instrument itself, and do not confer any other rights of shareholders of the underlying security or instrument, such as voting rights. Rather, a CFD is a derivative instrument which is represented by an agreement between a counterparty and a client to exchange the difference between the opening price of a CFD position and the price of the CFD at the closing of the position. The value of the CFD is generally reflective of the movement in prices at which the underlying instrument is traded at the time of opening and closing the position in the CFD.
- (j) CFDs offered by the Filer allow clients to take a long or short position on an underlying instrument, but unlike futures contracts, they have no fixed expiry date, standard contract size or an obligation for physical delivery of the underlying instrument.
- (k) CFDs allow clients to obtain exposure to markets and instruments that may not be available directly, or may not be available in a cost-effective manner.
- (l) The Filer is the counterparty to its clients' CFD trades; it will not act as an intermediary, broker or trustee in respect of the CFD transactions. The Filer does not manage any discretionary accounts, nor does it provide any trading advice or recommendations regarding CFD transactions.
- (m) As securities, CFDs are subject to the prospectus requirement in securities legislation. As derivatives, CFDs are subject to securities legislation concerning derivatives. As a result, trading in a CFD to an accredited investor triggers both the requirement in NI 45-106 to file Form 45-106F1 and the requirement in Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* (**MI 96-101**) to report the trade to a derivatives trade repository.

- (n) The requirement to file Form 45-106F1 in respect of a CFD trade does not arise in jurisdictions of Canada in which the regulator or securities regulatory authority has exempted CFD trading from the prospectus requirement. The requirement to both file Form 45-106F1 in respect of a CFD trade and report the trade to a derivatives trade repository only arises in Alberta.
- (o) The Filer submits that the derivatives trade reporting requirements in MI 96-101 are more ideally suited to active trading on an OTC derivative trading platform than are the exempt distribution reporting requirements under NI 45-106.
- (p) The Filer submits that the trade data reported pursuant to MI 96-101 is sufficient to satisfy the regulatory objectives of reporting pursuant to NI 45-106F1, in that it includes information sufficient to enable the regulator to audit trades for compliance with securities legislation (including the availability of a prospectus exemption), and to oversee the market generally. To the extent that the trade data reported pursuant to MI 96-101 is insufficient to identify an individual client that is an Alberta resident, the Filer will provide the client's identity on a timely basis upon request.
- (q) The Filer wishes to avoid duplicative reporting, and submits that the costs of filing pursuant to both the MI 96-101 and NI 45-106F1 requirements are unduly onerous.
- (r) The Filer is aware of the amendments to MI 96-101 that were published on July 25, 2024 and are scheduled to come into force on July 25, 2025.

Decision

4. The Executive Director orders that the Exemption Sought is granted, provided that the Filer complies with all of the following conditions:
 - (a) the Filer complies with all trade reporting obligations under MI 96-101;
 - (b) the Filer complies with all applicable requirements of National Instrument 93-101 *Derivatives: Business Conduct*; and
 - (c) in addition to any other reporting required by securities legislation in Alberta, the Filer provides, on a timely basis, any report, data, document or information that may be requested by the Executive Director from time to time as reasonably necessary for the purpose of monitoring compliance with securities legislation in Alberta and the conditions of this order, in a format acceptable to the Executive Director.

"original signed by"

Timothy Robson

Manager, Legal, Corporate Finance
Alberta Securities Commission