

ALBERTA SECURITIES COMMISSION

BLANKET ORDER 24-506

Citation: Re Exemption for certain CTPs to be recognized as clearing agencies, 2022 ABASC 115 **Date: 20220829**

Definitions

1. Terms defined in the *Securities Act* (Alberta) (the **Act**), National Instrument 14-101 *Definitions*, and National Instrument 21-101 *Marketplace Operation* have the same meaning in this Blanket Order.

2. In this Blanket Order,

Crypto Asset Trading Platform or **CTP** means an entity that operates a platform that facilitates the trading by users of its platform of instruments or contracts involving crypto assets;

Crypto Contract means an instrument or contract involving crypto assets that are not in and of themselves securities and/or derivatives, where the CTP user's contractual right to the crypto asset may itself constitute a security and/or a derivative.

Background

3. Certain entities that operate as CTPs and offer to enter into Crypto Contracts with their clients have registered as dealers in various provinces and territories in Canada, including in Alberta. In conjunction with their registration, the entities have obtained exemptive relief from certain securities regulatory requirements (the **exemption orders**). The exemption orders impose terms and conditions on the registered CTPs to address the key risks related to their operations.

4. In addition to acting as dealers, some CTPs provide a marketplace for users of their platforms (**CTP dealer/MPs**). To date, two CTP dealer/MPs have registered as restricted dealers and are subject to terms and conditions in the following exemption orders: *Re Simply Digital Technologies Inc. COB CoinSmart*, 2021 ABASC 189 and *Re Bitbuy Technologies Inc.*, 2021 ABASC 181 (the **CoinSmart** and **Bitbuy orders**, and **CoinSmart** and **Bitbuy** as the CTPs, respectively).

5. It is expected that CTP dealer/MPs will continue to apply for registration and associated exemptive relief from certain securities regulatory requirements. Some CTP dealer/MPs may apply for registration as restricted dealers, while others may apply as investment dealers and dealer and marketplace members of the Investment Industry Regulatory Organization of Canada (**IIROC**) or its successor.

6. CTP dealer/MPs provide certain clearing services and may meet the definition of "clearing agency" under subsection 1(f) of the Act.

7. Although the CoinSmart and Bitbuy orders state that neither CoinSmart nor Bitbuy will operate a “clearing agency”, the Commission has concluded that both CoinSmart and Bitbuy may be operating as clearing agencies in Alberta.
8. Pursuant to subsection 67(1) of the Act, unless recognized by the Commission, no person or company shall carry on business as a clearing agency in Alberta. National Instrument 24-102 *Clearing Agency Requirements (NI 24-102)* also sets out certain regulatory requirements applicable to clearing agencies.

Order

9. Considering that it would not be prejudicial to the public to do so, the Commission orders under section 213 of the Act that NI 24-102 and the requirement under subsection 67(1) of the Act for a person or company carrying on business as a clearing agency in Alberta to be recognized as a clearing agency do not apply to
 - (a) a CTP dealer/MP that registers as a dealer provided that
 - (i) the associated exemptive relief includes terms and conditions that address the key risks related to its activities as a CTP dealer/MP, and
 - (ii) the CTP dealer/MP does not offer to clients trading on margin or leverage;
 - (b) CoinSmart and Bitbuy,
 - (i) for so long as they continue to be subject to the terms and conditions of the CoinSmart and Bitbuy orders, respectively, and
 - (ii) provided they do not offer to clients trading on margin or leverage in respect of CTP dealer/MP activity.
10. This Blanket Order takes effect on August 29, 2022.

For the Commission:

“original signed by”

Tom Cotter
Vice-Chair

“original signed by”

Kari Horn
Vice-Chair