

The Exempt Marketplace Regulatory Framework in Ontario

A Presentation to the Canadian Fixed-Income Forum (**CFIF**)

March 17, 2022

Land Acknowledgment

Before we begin, and in recognition of the importance of inclusion and diversity at the OSC, we will start today's meeting with a Land Acknowledgement.

Indigenous Peoples of Canada have been stewards of this land.

It is important to understand the longstanding history of the lands and waters many of us now call home.

In the same way that the Indigenous Wampum Belts, with their particular bead patterns, symbolize alliances, kinships and land arrangements between different peoples, we, too, respectfully recognize the traditional territory of Indigenous Peoples.

We acknowledge the Two Row Wampum Belt and we recognize that its beaded pattern signifies that neither group will force its traditions or customs on the other; rather, the two groups will coexist peacefully as each group follows its own path.

We acknowledge that Toronto, and the Ontario Securities Commission, are in the "Dish With One Spoon Territory," a treaty among several nations, including the Mississaugas of the Credit, the Anishinaabeg, the Chippewa, the Haudenosaunee and the Wendat peoples. The "dish" represents the land that is to be shared peacefully and the "spoon" represents the individuals living on and using the resources of the land, in a spirit of mutual co-operation and in a manner that does not harm the land.

We acknowledge that Toronto is covered by Treaty 13, signed with the Mississaugas of the Credit, and by the Williams Treaty, signed with multiple Mississaugas and Chippewa bands.

Today, as we join each other on this land, we continue to seek meaningful ways to protect the earth and future benefactors for the peace, reconciliation and healthy environments being heralded by this Land Acknowledgement.

Overview of Presentation

1. Foreign Exchanges (including MTFs and SEFs)
2. Debt Markets and ATSS
3. What Banks Need to Know
4. Questions

Foreign Exchanges (including MTFs and SEFs)

- Exemption from recognition under s. 21 of OSA for foreign-based stock exchanges introduced in 2003
 - [OSC Staff Notice: 21-702 Regulatory Approach for Foreign-Based Stock Exchanges](#)
- SEFs and MTFs have some regulatory functions, so treated as exchanges
- Limited to futures/derivatives
- Substituted compliance based on home regulator
- Must meet criteria for exemption from recognition
- Subject to terms and conditions
 - Streamlined as part of burden reduction initiative – new exemption orders issued in March 2021
- Bi-annual reporting of Ontario participant-related activities

Debt Markets and ATs

- Set out in [CSA Staff Notice 21-328 Regulatory Approach to Foreign Marketplaces Trading Fixed Income Securities](#)
- Expansion of exemption regime to MTFs and ATs trading FOREIGN fixed income securities
- ATs must either be registered or fall into registration exemption
- Substituted compliance based on home regulator
- Must meet criteria for exemption from recognition
- Subject to terms and conditions
 - Reporting of debt transactions must be captured in one of the jurisdictions
- Bi-annual reporting of Ontario participant-related activities

What Banks Need to Know

- Banks should check that the platforms on which they are trading are authorized in ON
 - Recognized exchange
 - Registered ATS
 - Exempt exchange/ATS
 - If not a marketplace, may still have registration obligations
- Banks should also check that they are trading in accordance with registration status/exemption
 - This may mean they can only trade certain products on certain platforms with certain counterparties
 - Check entity's disclosure and/or participant agreement(s)

Questions?

Thank you.

Timothy Baikie
Senior Legal Counsel
Market Regulation, OSC
tbaikie@osc.gov.on.ca
416-593-8136

Heather Cohen
Senior Legal Counsel
Market Regulation, OSC
hcohen@osc.gov.on.ca
416-204-8955