

Headnote

Application for time-limited relief from suitability requirement, prospectus requirement and trade reporting requirements – relief to allow the Filer to distribute Crypto Contracts and operate a platform that facilitates the buying, selling and holding of crypto assets – relief granted subject to certain conditions set out in the decision, including investment limits, disclosure and reporting requirements – relief is time-limited to allow the Filer to operate while seeking registration as an investment dealer and membership with IIROC – relief will expire upon two (2) years – relief granted based on the particular facts and circumstances of the application with the objective of fostering innovative businesses in Canada – decision should not be viewed as precedent for other filers.

Statute cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 1(1), 53 & 74

Instrument, Rule or Policy cited

Multilateral Instrument 11-102 *Passport System*, s. 4.7

National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, s. 13.3

OSC Rule 91-506 *Derivatives: Product Determination*, ss. 2 & 4

OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, Part 3

[Original Text in French]

May 25, 2023

In the Matter of

the Securities Legislation

of Québec and Ontario, and Alberta, British Columbia, Manitoba, New Brunswick,
Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince
Edward Island, Saskatchewan and Yukon

(the Jurisdictions)

and

In the Matter of

the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of Shakepay Inc.

(the Filer)

Decision

Background

As set out in Joint CSA/IIROC Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements (Staff Notice 21-329)* and CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets (Staff Notice 21-327)*, securities legislation applies to crypto asset trading platforms (**CTPs**) that facilitate or propose to facilitate the trading of instruments or contracts involving crypto assets because the user's contractual right to the crypto asset may itself constitute a security and/or a derivative. A crypto contract means a client's contractual rights relating to a crypto asset and related rights under the client's agreement with the Filer's Platform (**Crypto Contract**).

To foster innovation and respond to novel circumstances, the Canadian Securities Administrators (**CSA**) have considered an interim, time limited registration that would allow CTPs to operate within a regulated environment, with regulatory requirements tailored to the CTP's operations. The overall goal of the regulatory framework is to ensure there is a balance between the need to be flexible and facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer operates a CTP and has applied for registration as a restricted dealer in each of the Jurisdictions. While registered as a restricted dealer, the Filer intends to seek membership with the New Self-Regulatory Organization of Canada (**New SRO**). This decision (the **Decision**) has been tailored for the specific facts and circumstances of the Filer, and the securities regulatory authority or regulator in the Jurisdictions will not consider this Decision as constituting a precedent for other filers.

Relief requested

The securities regulatory authority or regulator in Québec and Ontario (the **Dual Exemption Decision Makers**) have received an application from the Filer (the **Dual Application**) for a decision under the securities legislation of those jurisdictions (the **Legislation**) exempting the Filer from:

- (a) the prospectus requirements of the Legislation in respect of the Filer entering into Crypto Contracts with clients (**Clients**, and each, a **Client**) to purchase, hold and sell Crypto Assets (as defined below) (the **Prospectus Relief**); and
- (b) the requirement in section 13.3 of *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*, CQLR, c. V-1.1, r. 10 (**Regulation 31-103**), before it opens an account, takes investment action for a Client, or makes a recommendation or exercises discretion to take investment action, to determine on a reasonable basis that the action is suitable for the Client (the **Suitability Relief** and, together with the Prospectus Relief, the **Dual Relief**).

The securities regulatory authority or regulator in the jurisdictions referred to in Appendix A (the **Coordinated Review Decision Makers**) have received an application from the Filer for a decision under the securities legislation of those jurisdictions exempting the Filer from certain

reporting requirements under the Local Trade Reporting Rules (as defined in Appendix A) (the **Trade Reporting Relief** and, collectively with the Dual Relief, the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a hybrid application):

- (a) the *Autorité des marchés financiers* is the principal regulator for the Dual Relief (the **Principal Regulator**);
- (b) the Decision in respect of the Dual Relief is the decision of the Principal Regulator and the decision evidences the decision of the securities regulatory authority or regulator in Ontario;
- (c) in respect of the Dual Relief, the Filer has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System*, CQLR, c. V.-1.1, r. 1 (**Regulation 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada;
- (d) the Ontario Securities Commission (the **OSC**) has been selected as the principal regulator in relation to the Trade Reporting Relief, as the requirements for which such relief is being requested are not applicable under Québec's securities legislation and the Filer has filed with the Coordinated Review Decision Makers its application and supporting materials in relation to the Trade Reporting Relief; and
- (e) the Decision in respect of the Trade Reporting Relief is the decision of the OSC and evidences the decision of each other Coordinated Review Decision Maker.

Interpretation

Terms defined in *Regulation 14-101 Definitions*, CQLR, c. V-1.1, r. 3, Regulation 11-102 and securities legislation have the same meaning if used in this Decision, unless otherwise defined.

Further, in this Decision, the following terms have the following meaning:

"Acceptable Third-party Custodian" means an entity that:

- (i) is one of the following:
 - a. a Canadian custodian or Canadian financial institution;
 - b. a custodian qualified to act as a custodian or sub-custodian for assets held in Canada pursuant to section 6.2 of Regulation 81-102 *respecting Investment Funds*, CQLR, c. V-1.1, r. 39;
 - c. a custodian that meets the definition of an "acceptable securities location" in accordance with the Investment Dealer and Partially Consolidated Rules and Form 1 of New SRO;
 - d. a Foreign Custodian for which the Filer has obtained the prior written consent from the Principal Regulator and the regulator or securities regulatory authority of the Jurisdictions; or

- e. an entity that does not meet the criteria for a Qualified Custodian and for which the Filer has obtained the prior written consent from the Principal Regulator and the regulator or securities regulatory authority of the Jurisdiction(s);
- (ii) is functionally independent of the Filer within the meaning of Regulation 31-103;
- (iii) has obtained audited financial statements within the last twelve months, which
 - a. are audited by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction and that meets the professional standards of that jurisdiction,
 - b. are accompanied by an auditor's report that expresses an unqualified opinion, and
 - c. unless otherwise agreed to by the Principal Regulator, disclose on their statement of financial position or in the notes of the audited financial statements the amount of liabilities that it owes to its clients for holding their assets, and the amount of assets held by the custodian to meet its obligations to those custody clients, broken down by asset; and
- (iv) has obtained a Systems and Organization Controls (SOC) 2 Type 1 or SOC 2 Type 2 report within the last twelve months, or has obtained a comparable report recognized by a similar accreditation board satisfactory to the Filer's Principal Regulator and the regulator or securities regulatory authority of the Jurisdiction(s).

"Canadian custodian" has the meaning ascribed to that term in Regulation 31-103;

"Canadian financial institution" has the meaning ascribed to that term in Regulation 45-106 *respecting Prospectus Exemptions*, CQLR, c. V-1.1, r. 21;

"Foreign Custodian" has the meaning ascribed to that term in Regulation 31-103;

"Proprietary Token" means a Crypto Asset that is not a Value-Referenced Crypto Asset, and for which the Filer or an affiliate of the Filer acted as the issuer (and mints or burns the Crypto Asset) or a promoter;

"Qualified Custodian" has the meaning ascribed to that term in Regulation 31-103;

"Value-Referenced Crypto Asset" means a crypto asset that is designed to maintain a stable value over time by referencing the value of a fiat currency or any other value or right, or combination thereof.

Representations

This Decision is based on the following facts represented by the Filer:

The Filer

1. The Filer is a corporation incorporated under the federal laws of Canada with its head office located in Montréal, Québec.
2. The Filer operates under the business name of “**Shakepay**”.
3. The Filer is registered as a money services business (**MSB**) with the Financial Transactions and Reports Analysis Centre of Canada (**FINTRAC**).
4. The Filer is a wholly owned subsidiary of Shake Labs Inc. (**Shake Labs**), a corporation incorporated under the federal laws of Canada.
5. The Filer’s personnel consist of software engineers, compliance professionals and client support representatives who each have experience operating in a regulated environment such as a MSB and expertise in blockchain technology. The Filer has had all its personnel pass criminal records checks and credit checks and new personnel will have to pass criminal records and credit checks.
6. The Filer is not in default of securities legislation in any of the Jurisdictions, except in respect of the Filer’s trading of Crypto Contracts prior to the date of the Decision.
7. Shake Labs is not in default of the securities legislation in any of the Jurisdictions.

The Filer Platform and Services

8. The Filer operates a proprietary and fully automated internet-based platform, available through the Filer’s website and mobile application (the **Platform**), enabling Clients to enter into Crypto Contracts that allow them to buy, sell, deposit and withdraw Crypto Assets (as defined below) from and to the Filer and to hold them through the Platform.
9. Through the Platform, the Filer currently offers the following services:
 - (a) the possibility for Clients to buy, sell and deposit Bitcoin (**BTC**) and Ether (**ETH**), including the coordination of custody of BTC, ETH and fiat currency;
 - (b) a money and Crypto Asset transfer service, allowing Clients to send or receive fiat currency or Crypto Assets (as defined below) to another Client or to any external address; and
 - (c) for Clients who opt to use the Shakepay prepaid card, the ability to use their Shakepay fiat balance for purchases and earn BTC cashback rewards.(collectively, the **Shakepay Services**)
10. Although the only crypto assets currently available on the Platform are BTC and ETH, the Filer may in the future extend the Shakepay Services, subject to the Filer’s KYP Policy (as defined below) and/or any other conditions provided herein, to anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token (the **Crypto Assets** and each, individually, a **Crypto Asset**). The Filer does not currently intend to make any Value-Referenced Crypto Assets available on the Platform.

11. The rights and obligations of the Filer and of each Client under the Crypto Contracts are set out in the Filer's terms of use (the **Terms of Use**) which are accepted by the Client at the time a Client opens an account (each, a **Shakepay Account**). When the Filer makes a change to the Terms of Use, the Filer provides the Client with notice of the revised Terms of Use.
12. The Filer's trading of Crypto Contracts is consistent with activities described in Staff Notice 21-327 and constitutes the trading of securities and/or derivatives.
13. The Filer has appointed Kingston Ross Pasnak LLP as its auditors and has provided the Dual Exemption Decision Makers its annual audited financial statements for the year ended August 31, 2021 and August 31, 2022.
14. The Filer will not be a member firm of the Canadian Investor Protection Fund (**CIPF**) and the Crypto Assets custodied with third parties and with the Filer will not qualify for CIPF coverage. The Risk Statement (as defined below) will include disclosure that there will be no CIPF coverage for the Crypto Assets.
15. Upon the Filer's registration as a restricted dealer, the Filer will make available to Clients the services of the Ombudsman for Banking Services and Investments to resolve complaints made by Clients in each Jurisdiction other than Québec, and, in Québec, the Filer will comply with sections 168.1.1 to 168.1.8 of the *Securities Act*, CQLR, c. V-1.1 (**Securities Act (Québec)**).

Crypto Assets Made Available Through the Platform

16. The Filer has established and applies policies and procedures to review the Crypto Assets and to determine whether to allow Clients on the Platform to enter into Crypto Contracts to buy and sell the Crypto Assets on the Platform in accordance with the know-your-product (**KYP**) provisions in Regulation 31-103 (**KYP Policy**). Such review includes, but is not limited to, publicly-available information concerning:
 - (a) the creation, governance, usage and design of the Crypto Assets, including the source code, security and roadmap for growth in the developer community and, if applicable, the background of the developer(s) that created the Crypto Assets;
 - (b) the supply, demand, maturity, utility and liquidity of the Crypto Assets;
 - (c) material technical risks associated with the Crypto Assets, including any code defects, security breaches and other threats concerning the Crypto Assets and their supporting blockchains (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
 - (d) legal and regulatory risks associated with the Crypto Assets, including any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of the Crypto Assets.
17. The Filer only offers and only allows Clients to enter into Crypto Contracts to buy, sell and deposit Crypto Assets that are not each themselves a security and/or a derivative.

18. The Filer does not allow Clients to enter into a Crypto Contract to buy and sell Crypto Assets unless the Filer has taken steps to:
 - (a) assess the relevant aspects of the Crypto Assets pursuant to the KYP Policy and, as described in representation 16, to determine whether it is appropriate for its Clients,
 - (b) approve the Crypto Asset, and Crypto Contracts to buy and sell such Crypto Asset, to be made available to Clients, and
 - (c) monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.
19. The Filer is not engaged, and will not engage, in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuer or affiliates or associates of such persons.
20. As set out in the Filer's KYP Policy, the Filer determines whether a Crypto Asset available to be bought and sold through a Crypto Contract is a security and/or derivative and is being offered in compliance with securities and derivatives laws, which include but are not limited to:
 - (a) consideration of statements made by any regulators or securities regulatory authorities of the Jurisdictions, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to a Crypto Asset about whether the Crypto Asset, or generally about whether the type of Crypto Asset, is a security and/or derivative; and
 - (b) if the Filer determines it to be necessary, obtaining legal advice as to whether the Crypto Asset is a security and/or derivative under securities legislation of the Jurisdictions.
21. The Filer monitors ongoing developments related to Crypto Assets available on its Platform that may cause a Crypto Asset's legal status as a security and/or derivative or the assessment conducted by the Filer pursuant to its KYP Policy and as described in representations 16 to 20 to change.
22. The Filer acknowledges that any determination it made as set out in representations 16 to 20 of this Decision does not prejudice the ability of any of the regulators or securities regulatory authorities of any province or territory of Canada to determine that a Crypto Asset that a Client may enter into a Crypto Contract to buy and sell is a security and/or derivative.
23. As set out in the Filer's KYP Policy, the Filer applies policies and procedures to promptly stop the trading of any Crypto Asset available on the Platform and to allow Clients to liquidate in an orderly manner their positions in Crypto Contracts with underlying Crypto Assets that the Filer ceases to make available on the Platform.

Account Opening and Risk Disclosure

24. Each Client who is an individual must be a resident of Canada, hold an account with a Canadian financial institution, have reached the age of eighteen (18), and have the legal capacity to open a securities brokerage account. Each Client of the Platform that is a corporation, partnership or other legal entity must be Canadian-registered, hold an account with a Canadian financial institution and be in good standing.
25. Clients of the Filer open a Shakepay Account on the Platform and complete an onboarding process, including the successful completion of “know-your-client” (**KYC**) procedures which satisfy relevant FINTRAC guidelines and requirements, Revenu Québec guidelines and requirement for MSBs and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17 and regulations made thereunder. The Filer has policies and procedures to ensure its Clients cannot be engaged in certain prohibited businesses or business practices.
26. In order to open a Shakepay Account on the Platform, all Clients must agree to and comply with the Filer’s Terms of Use, which are publicly available on the Platform. In summary:
 - (a) the Terms of Use constitute a service agreement whereby the Filer agrees to offer the Shakepay Services to its Clients;
 - (b) in order to use the Shakepay Services, each Client must open a Shakepay Account;
 - (c) the Shakepay Account allows Clients to benefit from one or more Crypto Asset accounts which allow the Clients to store Crypto Assets through the Platform;
 - (d) the Filer processes instructions received from its Clients on their Shakepay Account; and
 - (e) Clients can transfer Crypto Assets and fiat held through the Platform to other Clients as well as to external blockchain addresses at any time.
27. Under the Terms of Use, the Filer maintains certain controls over Shakepay Accounts to ensure compliance with applicable law and ensure secure custody of Client assets.
28. The Filer does not provide recommendations or advice to Clients or conduct a trade-by-trade suitability determination for Clients, but will perform, as of the date of the Decision, product assessments pursuant to the KYP Policy and account appropriateness assessments taking into account the following factors (the **Account Appropriateness Factors**):
 - (a) the Client’s experience and knowledge in investing in crypto assets;
 - (b) the Client’s financial assets and income;
 - (c) the Client’s risk tolerance; and
 - (d) the Crypto Assets, which are approved to be made available to a Client by entering into Crypto Contracts on the Platform.

29. As of the date of the Decision, the Filer has adopted and will apply policies and procedures to conduct an assessment to establish appropriate limits on the losses that a Client can incur and what limits will apply to such Client based on the Account Appropriateness Factors (the **Client Limit**), and what steps the Filer will take when the Client approaches or exceeds their Client Limit. This assessment of the Client Limit takes into consideration the Account Appropriateness Factors. After completion of the assessment, the Filer will implement controls to monitor and apply the Client Limits.
30. As of the date of the Decision, the Account Appropriateness Factors will be used by the Filer to evaluate whether entering into Crypto Contracts with the Filer is appropriate for a prospective Client.
31. As of the date of the Decision, after completion of the account appropriateness assessment, a prospective Client will receive appropriate messaging about using the Platform to enter into Crypto Contracts, which, in circumstances where the Filer has evaluated that doing so is not appropriate for the prospective Client, will include prominent messaging to the prospective Client that this is the case and that the Client will not be permitted to open a Shakepay Account for the purpose of entering into Crypto Contracts.
32. Additionally, the Filer will monitor and will continue to monitor Shakepay Accounts after opening to identify activity inconsistent with the Client's Shakepay Account, KYP Policy and account appropriateness assessment. If warranted, the Client may receive further messaging about the Platform and the Crypto Assets, specific risk warnings and/or receive direct outreach from the Filer about their activity. The Filer will monitor compliance with the Client Limits established in representation 29. If warranted, the Client will receive a warning when their Shakepay Account is approaching its Client Limit, which will include information on steps the Client may take to prevent the Client from incurring further losses.
33. As part of the account opening process,
 - (a) the Filer will collect the KYC information specified in representation 28 from the prospective Client; and
 - (b) the Filer will provide prospective Clients with a separate statement of risks (the **Risk Statement**) that clearly explains or includes the following in plain language:
 - (i) the Crypto Contracts;
 - (ii) the risks associated with the Crypto Contracts;
 - (iii) prominently, a statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or any of the Crypto Assets made available through the Platform;
 - (iv) the due diligence performed by the Filer before making a Crypto Asset available through the Platform, including the due diligence taken by the Filer to assess whether the Crypto Asset is a security and/or derivative under the securities and derivatives legislation of each of the jurisdictions of Canada and the securities and derivatives laws of the foreign jurisdiction with which the Crypto Asset has the most significant connection, and the

risks if the Filer has incorrectly determined that the Crypto Asset is not a security and/or derivative;

- (v) that the Filer has prepared a plain language description of each Crypto Asset and of the risks of the Crypto Asset made available through the Platform, with instructions as to where on the Platform the Client may obtain the descriptions (each, a **Crypto Asset Statement**);
- (vi) the Filer's policies for halting, suspending and withdrawing a Crypto Asset from trading on the Platform, including criteria that would be considered by the Filer, options available to Clients holding such a Crypto Asset, any notification periods and any risks to Clients
- (vii) the location and the manner in which Crypto Assets are held for the Client, the risks and benefits to the Client of the Crypto Assets being held in that location and in that manner, including the impact of insolvency of the Filer or the Acceptable Third-party Custodian;
- (viii) the manner in which the Crypto Assets are accessible by the Filer, and the risks and benefits to the Client arising from the Filer having access to the Crypto Assets in that manner;
- (ix) the Filer is not a member of CIPF and the Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection;
- (x) a statement that the statutory rights for damages and of rescission provided for in sections 217 and 221 of the Securities Act (Québec) and in the securities legislation of any of the other Jurisdictions do not apply in respect of the Risk Statement or a Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision; and
- (xi) the date on which the information was last updated.

34. In order for a prospective Client to open and operate a Shakepay Account on the Platform, the Filer will deliver the Risk Statement to the client and obtain an electronic acknowledgment from the prospective Client confirming that the prospective Client has received, read and understood the Risk Statement. Such acknowledgment will be prominent and separate from other acknowledgments provided by the prospective Client as part of the account opening process.

35. For Clients with existing Shakepay Accounts at the time the Decision is rendered, the Filer will

- (a) conduct the account appropriateness assessment and establish the appropriate Client Limit for the Client as described in representations 28 to 31 and subject to representation 36; and
- (b) deliver to the Client the Risk Statement and require the Client to provide electronic acknowledgment of having received, read and understood the Risk Statement, at the earlier of (i) before placing their next trade or deposit of Crypto Assets and (ii)

the next time they log in to their Shakepay Account with the Filer. The Risk Statement must be prominent and separate from other disclosures given to the Client at that time, and the acknowledgement must be separate from other acknowledgements by the Client at that time.

36. In circumstances where the Filer has determined that entering into Crypto Contracts with the Filer is not appropriate for a Client with a pre-existing Shakepay Account at the time of this Decision, the Client will be restricted on the Platform to liquidating their existing Crypto Contracts or withdrawing Crypto Assets relating to Crypto Contracts.
37. A copy of the Risk Statement acknowledged by a Client in accordance with representations 34 and 35 will be electronically delivered to the Client and easily available to the Client upon request. The latest version of the Risk Statement will be continuously and easily available to Clients on the Platform and upon request.
38. The Filer will provide prospective Clients with a separate Crypto Asset Statement for each Crypto Asset offered on the Platform, which will also be available on the Platform, that clearly explains or includes in plain language the following:
 - (a) a prominent statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or any Crypto Assets made available through the Platform;
 - (b) a description of the Crypto Asset, including the background of the creation of the Crypto Asset and any risks specific to the Crypto Asset;
 - (c) a description of the due diligence performed by the Filer with respect to the Crypto Asset;
 - (d) any risks specific to the Crypto Asset;
 - (e) a direction to the Client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and the Crypto Assets made available through the Filer's Platform;
 - (f) a statement that the statutory rights for damages and of rescission provided for in sections 217 and 221 of the Securities Act (Québec) and in the securities legislation of any of the other Jurisdictions do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision; and
 - (g) the date on which the information was last updated.
39. Existing Clients at the time of the Decision will be provided with links to the Crypto Asset Statements at the same time as when they will be required to undergo the account appropriateness assessment set out in representation 28.
40. The Filer has policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, Shakepay Accounts and the Crypto Assets. In such event, existing Clients of the Filer will be promptly notified and

provided with a copy of the updated Risk Statement. In the event a Crypto Asset Statement is updated, existing Clients of the Filer will be promptly notified through an email notification, with links provided to the updated Crypto Asset Statement.

41. The Filer also prepares and makes available to its Clients, on an ongoing basis and in response to emerging issues in crypto assets, educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets.

Platform Operations

42. The Filer does not have any authority to act on a discretionary basis on behalf of Clients and does not manage any discretionary accounts.
43. Orders to buy and sell Crypto Assets are placed with the Filer through the Platform.
44. A Crypto Contract is a bilateral contract between the Client and the Filer. The Filer is the counterparty to all trades entered by the Clients on the Platform.
45. Clients are able to submit buy and sell orders, either in units of the Crypto Assets or in Canadian dollars, and hold, deposit and withdraw units of the Crypto Assets, 24 hours a day, seven days a week.
46. Clients purchasing Crypto Assets through the Platform can send funds by wire transfer or e-transfer, and the funds received are held by the Fiat Custodian.
47. Clients deposit their Crypto Assets to unique hot wallet addresses assigned to them by the Platform and the Filer moves the Crypto Asset from this wallet after receipt and assigns the value of the Crypto Asset in the Clients' respective account balances on the Platform.
48. The Filer maintains inventory of the Crypto Assets offered on the Platform and relies on third-party crypto asset trading firms or marketplaces (**Liquidity Providers**) to maintain such inventory at appropriate levels.
49. The Filer evaluates and will continue to evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks to provide fair and reasonable pricing to its Clients.
50. The Filer has taken or will take reasonable steps to verify that each Liquidity Provider is appropriately registered and/or licensed to trade in the Crypto Assets in their home jurisdiction, or that their activities do not require registration in their home jurisdiction, and that they are not in default of securities legislation in the Jurisdictions.
51. The Filer has verified that each Liquidity Provider has effective policies and procedures to address concerns relating to fair price, fraud and market manipulation.
52. Clients can enter orders to the Platform in two ways: (i) a market order which specifies the desired trading pair and quantity; and (ii) a limit order which specifies the desired trading pair, quantity and price at which the Client wishes to transact.

53. When a Client enters a market order, the Platform's algorithm will obtain current prices for the Crypto Asset from its Liquidity Providers, after which it will incorporate a spread to compensate the Filer and will present this adjusted price to the Client as a firm quote of the price at which the Filer is willing to transact against the Client. If the Client finds the price agreeable, the Client will confirm that it wishes to proceed and the Client's market order at the quoted price will be filled on the Platform. As indicated in the Platform, the price will be refreshed based on new pricing obtained from a Liquidity Provider every 30 seconds, and the Client will be able to transact against the new price.
54. When a Client enters a limit order, the Platform will not process the trade until such future time as when the price from the Liquidity Providers plus the spread meets the price entered by the Client, then the Client's order will automatically be executed.
55. For each Client limit order, the limit order may be filled if the Client's specified limit price is met. If the market price plus the spread does not meet the price specified in the limit order, the limit order remains open in the Client's Shakepay Account until it is cancelled by the Client or filled.
56. The Filer records in its books and records the particulars of each trade.
57. Where applicable, the Filer promptly, and no later than two business days after the trade, settles transactions with the Liquidity Providers on a net basis. Where there are net purchases of Crypto Assets from Liquidity Providers, the Filer arranges for the cash to be transferred to the Liquidity Providers and Crypto Assets to be sent by the Liquidity Providers to the Filer's hot wallets. Where there are net sales of Crypto Assets, the Filer arranges for Crypto Assets to be sent from the Filer's custodian to the Liquidity Providers in exchange for cash received by the Filer from the Liquidity Providers.
58. The Filer is compensated by the spread on trades. The Filer does not currently charge any account opening or maintenance fees, commissions, or other charges of any kind to its Clients. The Filer's Clients can check the quoted prices for Crypto Assets on the Platform against the prices available on other registered CTPs in Canada.
59. Clients are permitted to transfer into their Shakepay Account with the Filer Crypto Assets purchased outside the Platform and withdraw from their Shakepay Account with the Filer any Crypto Assets they have purchased or received through the Platform.
60. Clients have the option to instruct the Filer to transfer their Crypto Assets held by the Filer to any wallet address on the relevant blockchain specified by the Client.
61. Prior to transferring Crypto Assets out of a Shakepay Account, the Filer conducts a secondary verification of the blockchain address and screens the blockchain address specified by the transferring Client using blockchain forensics software. The Filer has expertise in and has developed anti-fraud and anti-money laundering monitoring systems, for both fiat and Crypto Assets, to reduce the likelihood of fraud, money laundering, or client error in sending or receiving Crypto Assets to incorrect wallet addresses.
62. Consistent with industry best practice, the Filer maintains only a small portion of Clients' Crypto Assets in "hot wallets" to serve the liquidity needed to immediately deliver Client transactions to the blockchain, maintaining at least 80% in "cold storage" with its Acceptable Third-party Custodian (as is further described in representation 70).

63. The Filer does not extend margin, credit or otherwise offer leverage to Clients and will not offer derivatives based on Crypto Assets to Clients other than Crypto Contracts, as the case may be.
64. The Filer does not allow Clients to enter into a “short position” with respect to any Crypto Asset.

Reports to Clients

65. As of the date of this Decision, Clients will receive electronic trade confirmations and monthly statements setting out the details of the transaction history in their Shakepay Account with the Filer. Clients will also have access to a complete record of all transactions in their account, including all transfers in of fiat or Crypto Assets, all purchases, sales and withdrawals, and the relevant prices in respect of such transactions.
66. On a continuous basis, except during rare moments where the Platform is not available to allow for systems maintenance, Clients have access to information relating to their Shakepay Accounts, including a list of all Crypto Assets, transaction details and history.

Custody of Fiat Currency and Crypto Assets

67. The Filer holds Crypto Assets (i) in an account clearly designated for the benefit of clients or in trust for clients, (ii) separate and apart from the assets of non-Canadian clients, and (iii) separate and apart from its own assets and from the assets of any custodial service provider. The Filer does not and will not pledge, re-hypothecate or otherwise use any Crypto Assets held on behalf of its Clients.
68. The Filer has retained ATB Financial, a Canadian financial institution and Crown Corporation wholly-owned by the Province of Alberta, to hold Clients’ fiat currency (together with any other Qualified Custodian or Canadian financial institution that the Filer may use in the future to hold Client fiat currency, after providing the Principal Regulator notice thereof, the **Fiat Custodians**).
69. Clients’ fiat currency balances held with the Fiat Custodians are held in designated trust accounts in trust for Clients and separate and apart from the Filer’s fiat currency balances.
70. The Filer has engaged Coinbase Custody Trust Company, LLC (**Coinbase Custody** and, together with any other Acceptable Third-party Custodian, after reasonable due diligence to ensure, among others, that it meets the definition of an Acceptable Third-party Custodian and providing the Principal Regulator notice thereof, the **External Custodians**) as the custodian to hold a Client’s Crypto Assets (**Client Crypto Assets**) held in cold storage. Coinbase Custody is licensed as a limited purpose trust company by the New York State Department of Financial Services.
71. The Filer is proficient and experienced in holding Crypto Assets and has established and applied policies and procedures that manage and mitigate custodial risks, including but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets. The Filer also maintains appropriate policies and procedures related to information technology (IT) security, cyber-resilience, disaster recovery capabilities and business continuity plans. The Filer’s policies and procedures ensure and will ensure that all Client Crypto Assets held in its hot wallets and with the External Custodian are Clients’ assets.

72. Client Crypto Assets that are in hot storage are held by the Filer using multi-signature hot wallets secured by Fireblocks Inc. (**Fireblocks**) and BitGo Inc. (**BitGo**) (together, the **Hot Wallet Providers**). As of the date hereof, none of the Hot Wallet Providers provide custody for Client Crypto Assets.
73. Coinbase Custody has completed Service Organization Controls (**SOC**) Reports prepared by the auditors of Coinbase Custody, including a SOC 1 – Type 2 report and a SOC 2 – Type 2 report. Coinbase Custody is an Acceptable Third-party Custodian. The Filer has conducted due diligence on Coinbase Custody, including reviewing a copy of the SOC 2 – Type 2 audit report prepared by Coinbase Custody’s auditors, and has not identified any material concerns.
74. Coinbase Global Inc., the parent company of Coinbase Custody, maintains US\$320 million of insurance (per-incident and overall) which covers losses of assets held by Coinbase Custody, on behalf of its clients due to third-party hacks, copying or theft of private cryptographic keys, insider theft or dishonest acts by Coinbase Custody employees or executives and loss of cryptographic keys. The Filer has assessed Coinbase Custody’s insurance policy and has determined, based on information that is publicly available and on information provided by Coinbase Custody and considering the scope of Coinbase Custody’s business, that the amount of insurance is appropriate.
75. Coinbase Custody operates custody accounts for the Filer to use for the purpose of safely custodial Clients’ Crypto Assets. The Crypto Assets that Coinbase Custody holds in trust for the Clients of the Filer are held in designated omnibus accounts in trust in the name of the Filer for the benefit of the Filer’s Clients and are held separate and apart from the assets of the Filer, the Filer’s affiliates, Coinbase Custody, and the assets of other clients of Coinbase Custody.
76. The Filer maintains a database of the balances of the Client Crypto Assets which is reconciled each business day against the various wallet balances of the Filer and at the External Custodians to ensure all Client Crypto Assets are accounted for. Client Crypto Assets held in trust for their benefit in hot wallets and with External Custodians are deemed to be the Clients’ Crypto Assets in case of the insolvency and/or bankruptcy of the Filer or of its External Custodians.
77. The External Custodians have established and apply policies and procedures that manage and mitigate the risks of holding the Crypto Assets, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which they act as custodian and to mitigate security breaches and cyber incidents. The Filer has conducted due diligence on the External Custodians’, including a thorough review of the External Custodians’ policies and procedures.
78. The Filer has assessed the risks and benefits of using Coinbase Custody and has determined that in comparison to a Canadian custodian (as that term is defined in Regulation 31-103), it is more beneficial to use Coinbase Custody, which is a U.S. entity, to hold Crypto Assets for the benefit of Clients than using a Canadian custodian.
79. The Filer licenses software from the Hot Wallet Providers which includes crypto asset wallets that store private and public cryptographic keys and interact with various blockchains to send and receive crypto assets and monitor balances. The wallets from

Hot Wallet Providers use secure multiparty computation to share signing responsibility for a particular blockchain address among multiple independent persons.

80. The Hot Wallet Providers have each obtained a SOC report under the SOC 2 – Type 2 standard from a leading global audit firm. The Filer has reviewed a copy of the SOC 2 – Type 2 audit report prepared by the auditors of the Hot Wallet Providers and has not identified any material concerns.
81. Fireblocks has insurance coverage in the amount of US\$30 million in aggregate which, in the event of theft of crypto assets from hot wallets secured by Fireblocks, will be distributed among applicable Fireblocks customers, which could include the Filer, pursuant to an insurance settlement agreement.
82. The Filer has licensed software from Digital Assets Services Limited (trading as Coincover) (**Coincover**) to provide additional security for cryptographic keys to Crypto Assets held by the Filer using Fireblocks and BitGo, including key pair creation, key pair storage, device access recovery and account access recovery. Coincover is based in the United Kingdom and is regulated by the U.K. Financial Conduct Authority.
83. Backup cryptographic key material for the Filer's hot wallets is secured by Coincover and 100% guaranteed against loss or theft by a leading global insurance provider.
84. Coincover also acts as a backup provider ensuring access to wallets provided by the Hot Wallet Providers, should access to the wallets provided by the Hot Wallet Providers be compromised.
85. The Filer has established, and will maintain and apply, policies and procedures that are reasonably designed to ensure the Acceptable Third-party Custodian's records related to Crypto Assets that the Acceptable Third-party Custodian holds in trust for Clients of the Filer are accurate and complete.
86. For Crypto Assets held by the Filer, whether directly in hot wallets or indirectly through the External Custodians in cold storage, the Filer:
 - (a) holds Crypto Assets or ensures that the Crypto Assets are held in trust for its Clients, and separate and distinct from the assets of the Filer;
 - (b) ensures there is appropriate insurance to cover the loss of Crypto Assets; and
 - (c) has established and applies written policies and procedures that manage and mitigate the custodial risk, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian and to mitigate security breaches and cyber incidents.
87. In an effort to spread counterparty risk, the Filer may engage other External Custodians and Hot Wallet Providers to hold Client Crypto Assets from time to time. In respect of cold storage of Client Crypto Assets, the Filer intends to engage only with External Custodians that meet the definition and requirements of an Acceptable Third-party Custodian. Prior to depositing Client Crypto Assets with any such External Custodian, the Filer performs reasonable due diligence on the External Custodians, including a review of the External Custodian's balance sheet and management team, including holding meetings with the

External Custodian's representatives. The Filer will inquire as to security protocols as well as withdrawal protocols and the insurance coverage applicable to the Crypto Assets held. Prior to engaging a new External Custodian, the Filer will obtain from such External Custodian a SOC 2 Type 1 or SOC 2 Type 2 report within the last 12 months. Lastly, the Filer will provide the Principal Regulator with at least 30 days' prior written notice of its intention to add or remove any External Custodian.

88. The third-party insurance obtained by the Filer includes coverage for Crypto Assets held by the Filer in hot and cold storage in the event of loss or theft in accordance with the terms of the insurance policy in question.

Capital Requirements

89. The Filer will exclude from the excess working capital calculation all the Crypto Assets, including Proprietary Tokens and all Value-Referenced Crypto Assets, it holds for which there is no offsetting by a corresponding current liability, such as Crypto Assets held for its Clients as collateral to guarantee obligations under Crypto Contracts, included on line 1, *Current assets*, of Form 31-103F1. This will result in the exclusion of all the Crypto Assets inventory, including Proprietary Tokens inventory and all of the Value-Referenced Crypto Assets inventory, held by the Filer from Form 31-103F1 (Schedule 1, line 9).

Marketplace and Clearing Agency

90. The Filer will not operate a "marketplace" as defined in Regulation 21-101 *Marketplace Operation*, CQLR, c. V-1.1, r. 5 (**Regulation 21-101**) and, in Ontario, subsection 1(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (**Securities Act (Ontario)**) because it will not:
- (a) perform the activities commonly understood to be acting as an exchange or quotation and trading reporting system,
 - (b) execute trades of exchange-traded securities outside of a marketplace, or
 - (c) constitute, maintain or provide a market or facility for bringing together buyers and sellers of securities (or crypto assets generally, for that matter), bring together the orders for securities (or crypto assets generally) of multiple buyers and sellers, and use established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade.
91. The Filer will not operate a "clearing agency" as defined in the securities legislation in any of the Jurisdictions.

Decision

Each of the Dual Exemption Decision Makers is satisfied that the decision with respect to the Dual Relief meets the test set out in the Legislation for the Dual Exemption Decision Makers to make the decision.

Each of the Coordinated Exemptive Relief Decision Makers is satisfied that the decision with respect to the Trade Reporting Relief meets the test set out in the legislation applicable in its Jurisdictions for the Coordinated Exemptive Relief Decision Makers to make the decision.

The decision of the Dual Exemption Decision Makers under the Legislation is that the Dual Relief is granted, and the decision of each of the Coordinated Review Decision Makers under the legislation of its jurisdiction is that the Trade Reporting Relief is granted, provided that:

General

- A. Unless otherwise exempted by a further decision of the Principal Regulator, and, if required under securities legislation, the regulator or securities regulatory authority of any other Jurisdiction, the Filer complies with all of the terms, conditions, restrictions and requirements applicable to a registered dealer under the securities legislation in any of the Jurisdictions and any other terms, conditions, restrictions or requirements imposed by a securities regulatory authority or regulator on the Filer.
- B. The Filer is registered as a registered dealer in each Jurisdiction where its Clients are resident.
- C. The Filer, and any employee, agent or other representative of the Filer, will not provide recommendations or advice to any Client or prospective Client.
- D. The Filer will only engage in the business of trading Crypto Contracts in relation to Crypto Assets and performing its obligations under those contracts. The Filer will not offer derivatives based on the Crypto Assets to Clients. The Filer will seek the appropriate approvals from the Principal Regulator and, if required under the securities legislation, the regulator or securities regulatory authority of any other Jurisdiction, prior to undertaking any other activity governed by securities legislation.
- E. The Filer will not operate a “marketplace” as the term is defined in Regulation 21-101 and, in Ontario, in subsection 1(1) of the Securities Act (Ontario) or a “clearing agency” as the term is defined in the securities legislation in any of the Jurisdictions.
- F. At all times, the Filer will hold at least 80% of the total value of Client Crypto Assets with a custodian that meets the definition of an “Acceptable Third-party Custodian”, unless the Filer has obtained the prior written approval of the Principal Regulator to hold a different percentage with an Acceptable Third-party Custodian or has obtained the prior written approval of the Principal Regulator and the regulator or securities regulatory authority of the other Jurisdictions to hold at least 80% of the total value of Client Crypto Assets with an entity that does not meet certain criteria of an Acceptable Third-party Custodian.
- G. Before the Filer holds Client Crypto Assets with a custodian referred to in condition F, the Filer will take reasonable steps to verify that the custodian
 - a. has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian;
 - b. will hold the Crypto Assets for its Clients (i) in an account clearly designated for the benefit of clients or in trust for clients, (ii) separate and apart from the assets of non-Canadian clients, and (iii) separate and apart from its own assets and from the assets of any custodial service provider;

- c. has appropriate insurance to cover the loss of Crypto Assets held at the custodian;
 - d. meets each of the requirements to be an Acceptable Third-party Custodian, except for those criteria in respect of which the custodian does not meet and the Principal Regulator and the regulator or securities regulatory authority of the other Jurisdictions have provided prior written approval for use of the custodian.
- H. The Filer will promptly notify the Principal Regulator if the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, the National Futures Association, the South Dakota Division of Banking or the New York State Department of Financial Services, makes a determination that a custodian is not permitted by that regulatory authority to hold client Crypto Assets. In such a case, the Filer will identify a suitable alternative custody provider that meets the definition of an Acceptable Third-party Custodian to hold the Crypto Assets.
- I. For Crypto Assets held by the Filer, the Filer:
 - a. will hold the Crypto Assets in trust for the benefit of its Clients, and separate and distinct from the assets of the Filer;
 - b. will ensure there is appropriate insurance to cover the loss of Crypto Assets held by the Filer; and
 - c. will have established and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.
- J. The Filer will only use a Liquidity Provider that it has verified is registered and/or licensed, to the extent required in its home jurisdiction, to execute trades in the Crypto Assets and is not in default of securities legislation in any of the Jurisdictions, and will promptly stop using a Liquidity Provider if (i) the Filer is made aware that the Liquidity Provider is, or (ii) a court, regulator or securities regulatory authority in any Jurisdiction determines it to be, not in compliance with securities legislation.
- K. The Filer will evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks and will implement, maintain and apply policies and procedures reasonably designed to provide fair and reasonable prices to its Clients.
- L. The Filer will assess liquidity risk and concentration risk posed by Liquidity Providers upon which the Filer relies to execute a trade for its Clients. The liquidity and concentration risks assessment will consider trading volume data as per paragraph 1(e) of Appendix C and complete a historical analysis of each Liquidity Provider and a relative analysis between the Liquidity Providers. Consideration should be given to whether the Liquidity Provider has issued its own Proprietary Tokens and to consider limiting reliance on these Liquidity Providers.

- M. Before each Client opens a Shakepay Account, the Filer will deliver to the Client a Risk Statement and will require the Client to provide electronic acknowledgment of having received, read and understood the Risk Statement.
- N. For each Client with a pre-existing Shakepay Account at the date of this Decision, the Filer will deliver to the Client a Risk Statement and will require the Client to provide electronic acknowledgment of having received, read and understood the Risk Statement at the earlier of (a) before placing their next trade or deposit of Crypto Assets on the Platform and (b) the next time they log in to their Shakepay Account.
- O. The Risk Statement delivered in conditions M and N to new Clients or Clients with pre-existing Shakepay Accounts on the date of this Decision will be prominent and separate from other disclosures given to the Client at the time the Risk Statement is delivered, and the acknowledgement will be separate from other acknowledgements by the Client at that time.
- P. A copy of the Risk Statement acknowledged by a Client in accordance with representations 34 and 35 will be electronically delivered to the Client and easily available to the Client upon request. The latest version of the Risk Statement will be continuously and easily available to Clients on the Platform and upon request.
- Q. Before a Client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the Client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the relevant Crypto Asset Statement on the Platform and its website, and includes the information set out in representation 38;
- R. Existing Clients at the time of the Decision will be provided with links to the Crypto Asset Statements.
- S. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, the Terms of Use or the Crypto Assets and
 - a. in such event, it will promptly notify each existing Client, through an email notification of the update and deliver to them a copy and a link to the updated Risk Statement, and
 - b. in such event, existing Clients of the Filer will be promptly notified, through an email notification, of the update and deliver to them a link to the updated Crypto Asset Statement.
- T. Prior to the Filer making an updated Risk Statement available to Clients, the Filer will deliver, or will have previously delivered, a copy of the Risk Statement and a blackline of the changes to the Principal Regulator.
- U. For each Client, the Filer will perform an account appropriateness assessment and establish the appropriate Client Limit for the Client as described in representations 28 to 31 prior to opening an account and on an ongoing basis at least annually.
- V. For each Client with a pre-existing Shakepay Account at the date of this Decision, the Filer will perform an account appropriateness assessment and establish the appropriate Client

Limit for the Client as described in representations 28 to 31, and subject to representation 36, the next time the Client uses their account. The Client will not be permitted to purchase or deposit additional Crypto Assets until the completion of the account appropriateness assessment and a determination that the account is appropriate.

- W. The Filer will ensure that the maximum amount of Crypto Assets, excluding Specified Crypto Assets (as set out in Appendix B to this Decision) that a Client, except those Clients resident in Alberta, British Columbia, Manitoba and Québec, may enter into Crypto Contracts to purchase and sell on the Platform (calculated on a net basis and is an amount not less than \$0) in the preceding 12 months does not exceed a net acquisition cost of \$30,000.
- X. The Filer will monitor Client activity and contact Clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Assets trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Assets is not appropriate for the Client, or that additional education is required.
- Y. The Filer will apply and monitor Client Limits as set out in representation 29.
- Z. In jurisdictions where the Prospectus Relief is required, the first trade of a Crypto Contract is deemed to be a distribution under the securities legislation in any of the Jurisdictions.
- AA. The Filer will provide the Principal Regulator with at least 30 days' prior written notice of any:
 - a. addition or removal of any External Custodian; and
 - b. material changes to the Filer's ownership, business operations, including its systems, or its business model.
- BB. The Filer will notify the Principal Regulator, promptly, of any material breach or failure of a External Custodian's system of controls or supervision, and what steps have been taken by the Filer or its External Custodian, as the case may be, to address each such breach or failure. The loss of any amount of a Crypto Assets will be considered a material breach or failure.
- CC. The Filer will only trade Crypto Assets or Crypto Contracts based on Crypto Assets that are not in and of themselves securities or derivatives, unless it obtains the prior written consent of the securities regulatory authorities.
- DD. The Filer will evaluate Crypto Assets as set out in its KYP Policy and described in representations 16 to 20.
- EE. The Filer will not trade Crypto Assets or Crypto Contracts based on Crypto Assets with a Client, without the prior written consent of the regulator or securities regulatory authority of the Jurisdictions, where the Crypto Assets was issued by or on behalf of a person or company that is or has in the last five years been the subject of an order, judgment, decree, sanction, fine, or administrative penalty imposed by, or has entered into a settlement agreement with, a government or government agency, administrative agency, self-regulatory organization, administrative tribunal or court in Canada or in a Specified Foreign Jurisdiction in relation to a claim based in whole or in part on fraud, theft, deceit,

aiding and abetting or otherwise facilitating criminal activity, misrepresentation, violation of anti-money laundering laws, conspiracy, breach of trust, breach of fiduciary duty, insider trading, market manipulation, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct. For the purposes of this condition, the term "Specified Foreign Jurisdiction" means any of the following: Australia, Brazil, any member country of the European Union, Hong Kong, Japan, Republic of Korea, New Zealand, Singapore, Switzerland, United Kingdom of Great Britain and Northern Ireland, and United States of America.

- FF. The Filer will not trade Value-Referenced Crypto Assets or Crypto Contracts based on Value-Referenced Crypto Assets with a Client.
- GG. The Filer will not engage in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuer or affiliates or associates of such persons.
- HH. Except to allow Clients to liquidate their positions in an orderly manner in those Crypto Contracts or transfer such Crypto Assets to a blockchain address specified by the Client, the Filer will promptly stop trading Crypto Contracts for the underlying Crypto Asset if (i) the Filer determines it to be, (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada or the foreign jurisdiction with which the Crypto Asset has the most significant connection determines it to be, or (iii) the Filer is made aware or is informed that the Crypto Asset is viewed by a regulator or securities regulatory authority to be, a security and/or derivative.
- II. The Filer will exclude from the excess working capital calculation all the Crypto Assets, including Proprietary Tokens and all Value-Referenced Crypto Assets, it holds for which there is no offsetting by a corresponding current liability, as described in representation 89.

Reporting

- JJ. The Filer will deliver the reporting as set out in Appendix C.
- KK. Within 7 calendar days from the end of each month, the Filer will deliver to the regulator or securities regulatory authority in each of the Jurisdictions, a report of all Shakepay Accounts for which the Client Limit established pursuant to representation 29 were exceeded during that month.
- LL. The Filer will deliver to the Principal Regulator within 30 days of the end of each March, June, September and December, either (a) blackline copies of changes made to the policies and procedures on the operations of its wallets that were previously delivered to the Principal Regulator or (b) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.
- MM. In addition to any other reporting required by the Legislation, the Filer will provide, on a timely basis, any report, data, document or information to the Principal Regulator, including any information about the Filer's custodians and the Crypto Assets held by the custodians, that may be requested by the Principal Regulator from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in the Decision, in a format acceptable to the Principal Regulator.

- NN. Upon request, the Filer will provide the Principal Regulator and the Coordinated Review Decision Makers with aggregated and/or anonymized data concerning Client demographics and activity on the Platform that may be useful to advance the development of a Canadian regulatory framework for trading Crypto Assets.
- OO. The Filer will promptly make any changes to its business practices or policies and procedures that may be required to address investor protection concerns that may be identified by the Filer or by the Principal Regulator arising from the operation of the Platform.

Time limited relief

- PP. The Filer will, if it intends to operate the Platform in Ontario and Québec after the expiry of this Decision, take the following steps:
- a. submit an application to the Principal Regulator to become registered as an investment dealer no later than 6 months after the date of this Decision;
 - b. submit an application with the New SRO to become a dealer member no later than 6 months after the date of this Decision; and
 - c. work actively and diligently with the Principal Regulator and the New SRO to transition the Platform to investment dealer registration and obtain membership with the New SRO.
- QQ. The Decision shall expire two years following the issuance of the Decision.
- RR. The Decision may be amended by the Principal Regulator from time to time upon prior written notice to the Filer.

(s) (French version)

(s) (French version)

(s) *Éric Jacob*

(s) *Benoît Gascon*

Éric Jacob

Benoît Gascon

Surintendant de l'assistance aux clientèles et
de l'encadrement de la distribution

Directeur principal du financement des
sociétés

Superintendent, Client Service and
Distribution Oversight and Executive Director,
Enforcement (interim)

Principal Director, Corporate Finance

APPENDIX A -- LOCAL TRADE REPORTING RULES

In this Decision "**Local Trade Reporting Rules**" means each of the following:

Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**OSC Rule 91-507**), and the power to grant exemption orders set out in Section 42 of OSC Rule 91-507;

Part 3, Data Reporting of Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**MSC Rule 91-507**), and the power to grant exemption orders set out in Section 42 of MSC Rule 91-507; and

Part 3, Data Reporting of Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and Yukon (**MI 96-101**), and the power to grant exemption orders set out in Section 43 of MI 96-101.

APPENDIX B -- SPECIFIED CRYPTO ASSETS

Bitcoin

Ether

Bitcoin Cash

Litecoin

APPENDIX C - REPORTING

1. Commencing with the quarter ending June 30, 2023, the Filer will deliver the following information to the Principal Regulator and each of the Coordinated Review Decision Makers in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers, with respect to Clients residing in the Jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December:
 - a. aggregate reporting of activity conducted pursuant to the Platform's operations that will include the following:
 - i. number of Shakepay Accounts opened each month in the quarter;
 - ii. number of Shakepay Accounts frozen or closed each month in the quarter;
 - iii. number of Shakepay Account applications rejected by the Platform each month in the quarter based on the Account Appropriateness Factors;
 - iv. number of trades each month in the quarter;
 - v. average value of the trades in each month in the quarter;
 - vi. number of Shakepay Accounts with a net acquisition cost greater than \$30,000 of Crypto Assets at the end of each month in the quarter;
 - vii. number of Shakepay Accounts that in the preceding 12 months, excluding Specified Crypto Assets, exceeded a net acquisition cost of \$30,000 at the end of each month in the quarter;
 - viii. number of Shakepay Accounts at the end of each month in the quarter;
 - ix. number of Shakepay Accounts with no trades during the quarter;
 - x. number of Shakepay Accounts that have not been funded at the end of each month in the quarter; and
 - xi. number of Shakepay Accounts that hold a positive amount of Crypto Assets at end of each month in the quarter; and
 - xii. number of Shakepay Accounts that exceeded their Client limit at the end of each month in the quarter.
 - b. the details of any Client complaints received by the Filer during the calendar quarter and how such complaints were addressed;

- c. a listing of all blockchain addresses, except for deposit addresses, that hold Crypto Assets on behalf of Clients, including all hot and cold wallets;
 - d. the details of any fraudulent activity or cybersecurity incidents on the Platform during the calendar quarter, any resulting harms and effects on Clients, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future; and
 - e. the details of the transaction volume per Liquidity Provider, per Crypto Asset during the quarter.
2. The Filer will deliver to the Principal Regulator and each of the Coordinated Review Decision Makers, in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers, a report that includes the anonymized account-level data for the Platform's operations for each Client residing in the Jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December for data elements outlined in **Appendix D**

APPENDIX D

Data Element Definitions, Formats and Allowable Values

Number	Data Element	Definition for Data Element ¹	Format	Values	Example
Data Elements Related to each Unique Client					
1	Unique Client Identifier	Alphanumeric code that uniquely identifies a customer.	Varchar(72)	An internal client identifier code assigned by the CTP to the client. The identifier must be unique to the client.	ABC1234
2	Unique Account Identifier	Alphanumeric code that uniquely identifies an account.	Varchar(72)	A unique internal identifier code which pertains to the customer's account. There may be more than one Unique Account Identifier linked to a Unique Client Identifier.	ABC1234
3	Jurisdiction	The Province or Territory where the client, head office or principal place of business is, or under which laws the client is organized, or if an individual, their principal place of residence.	Varchar(5)	Jurisdiction where the client is located using ISO 3166-2 - See the following link for more details on the ISO standard for Canadian jurisdictions codes. https://www.iso.org/obp/ui/#iso:code:3166:CA	CA-ON
Data Elements Related to each Unique Account					
4	Account Open Date	Date the account was opened and approved to trade.	YYYY-MM-DD, based on UTC.	Any valid date based on ISO 8601 date format.	2022-10-27

¹ Note: Digital Token refers to either data associated with a Digital Token, or a Digital Token referenced in an investment contract.

Number	Data Element	Definition for Data Element ¹	Format	Values	Example
5	Cumulative Realized Gains/Losses	Cumulative Realized Gains/Losses from purchases, sales, deposits, withdrawals and transfers in and out, since the account was opened as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in, transfers out, deposits and withdrawals of the Digital Token to determine the cost basis or the realized gain or loss.	205333
6	Unrealized Gains/Losses	Unrealized Gains/Losses from purchases, deposits and transfers in as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in or deposits of the Digital Token to determine the cost basis.	-30944
7	Digital Token Identifier	Alphanumeric code that uniquely identifies the Digital Token held in the account.	Char(9)	Digital Token Identifier as defined by ISO 24165. See the following link for more details on the ISO standard for Digital Token Identifiers. https://dtif.org/	4H95J0R2X
Data Elements Related to each Digital Token Identifier Held in each Account					
8	Quantity Bought	Number of units of the Digital Token bought in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	4358.326
9	Number of Buy Transactions	Number of transactions associated with the Quantity Bought during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	400

Number	Data Element	Definition for Data Element¹	Format	Values	Example
10	Quantity Sold	Number of units of the Digital Token sold in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	125
11	Number of Sell Transactions	Number of transactions associated with the Quantity Sold during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3325
12	Quantity Transferred In	Number of units of the Digital Token transferred into the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	10.928606
13	Number of Transactions from Transfers In	Number of transactions associated with the quantity transferred into the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3
14	Quantity Transferred Out	Number of units of the Digital Token transferred out of the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	603
15	Number of Transactions from Transfers Out	Number of transactions associated with the quantity transferred out of the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	45
16	Quantity Held	Number of units of the Digital Token held in the account as of the end of the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	3641.25461

Number	Data Element	Definition for Data Element¹	Format	Values	Example
17	Value of Digital Token Held	Value of the Digital Token held as of the end of the reporting period.	Num(25,0)	Any value greater than or equal to zero rounded to the nearest dollar in CAD. Use the unit price of the Digital Token as of the last business day of the reporting period multiplied by the quantity held as reported in (16).	45177788
18	Client Limit	The Client Limit established on each account.	Num(25,2)	Any value greater than or equal to zero rounded to the nearest dollar in CAD, or if a percentage, in decimal format.	0.50
19	Client Limit Type	The type of limit as reported in (18).	Char(3)	AMT (amount) or PER (percent).	PER