

7.3

Réglementation des bourses, des
chambres de compensation, des OAR et
d'autres entités réglementées

7.3. RÉGLEMENTATION DES BOURSES, DES CHAMBRES DE COMPENSATION, DES OAR ET D'AUTRES ENTITÉS RÉGLEMENTÉES

7.3.1 Consultation

Bloomberg Trading Facility Limited – Demande de dispense de reconnaissance à titre de bourse et des obligations des Règlements 21-101 et 23-101

L'Autorité des marchés financiers (l'« Autorité ») publie la demande de dispense (i) de reconnaissance à titre de bourse en vertu de la *Loi sur les instruments dérivés*, RLRQ, c. I-14.01, et (ii) des obligations du *Règlement 21-101 sur le fonctionnement du marché* et du *Règlement 23-101 sur les règles de négociation*, déposée par Bloomberg Trading Facility Limited.

L'Autorité invite toutes les personnes intéressées à lui présenter leurs observations relativement à cette demande.

(Le texte est reproduit ci-après.)

Commentaires

Toute personne désirant soumettre des commentaires est invitée à les faire parvenir par écrit, au plus tard le 3 juin 2019 à :

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Information complémentaire

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Bloomberg Trading Facility Limited
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April 26, 2019

Autorité des marchés financiers
800 Square Victoria, 22nd Floor
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Montréal, Québec
Canada, H4Z 1G3

Attention: Monsieur Pascal Bancheri and Monsieur Serge Boisvert

Re: Bloomberg Trading Facility Limited – Application for Exemption from Recognition as an Exchange

Dear Sirs:

Bloomberg Trading Facility Limited (the “**Applicant**”) is filing this application with the *Autorité des marchés financiers* (the “**AMF**”) to obtain the following decisions:

- a decision under Section 86 of the *Derivatives Act* (Québec) (the “**Derivatives Act**”) exempting the Applicant from the requirement to be recognised by the AMF as an exchange under Section 12 of the Act in relation to the operation of a multilateral trading facility (“**MTF**”) trading derivatives in the province;
- a decision under Section 263 of the *Securities Act* (Québec) (the “**Securities Act**”) exempting the Applicant from the requirement to be recognised by the AMF as an exchange under Section 169 of the Act in relation to the operation of a MTF trading fixed income securities in the province;
- a decision exempting the Applicant from *Regulation 21-101 respecting Marketplace Operation* (“**Regulation 21-101**”); and
- a decision exempting the Applicant from *Regulation 23-101 respecting Trading Rules* (“**Regulation 23-101**”).

The Applicant is currently permitted to operate an MTF (the “**Bloomberg MTF**”) in Ontario under an interim exemption order of the Ontario Securities Commission dated December 22, 2017, and has applied to the Ontario Securities Commission for a permanent exemption.

BACKGROUND OF THE APPLICANT

The Applicant is the operator of the Bloomberg MTF that is regulated and authorised by the Financial Conduct Authority of the United Kingdom (the “**FCA**” or “**Foreign Regulator**”) to allow trading of the instruments set forth on Annex B (e.g., interest rate

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swaps, credit default swaps, government and corporate bonds and similar fixed-income instruments, securities financing transactions (including repurchase agreements and buy-sell and sell-buy back transactions) (collectively, “**SFTs**”), exchange traded funds (“**ETFs**”), equity swaps, equity options, foreign exchange derivatives (e.g., foreign exchange forwards, non-deliverable forwards and options) and commodity derivatives). The Bloomberg MTF will provide the following trading protocols to participants in Québec (“**Québec Participants**”): (i) a request for quote (“**RFQ**”) function that allows participants to send an RFQ to other participants; and (ii) a request for trade (“**RFT**”) function that allows a participant to send an order to another participant. A full description of these trading protocols is attached as Annex C. These trading protocols can be used by participants to trade financial instruments in a way that results in a contract. Following execution of a trade, the Applicant provides each participant or its agent that is involved in a trade with a written record of the trade (a “**Confirmation**”). Such Confirmation is conclusive evidence of the counterparties’ entry into a valid, legally binding contract. Currently, participants may use the Bloomberg MTF’s RFQ and RFT trading protocols to execute transactions.

The Applicant is authorised by the FCA to offer the Bloomberg MTF for execution of transactions in all instruments listed on Annex B. Additional products may be made available for trading on the Bloomberg MTF by the Applicant in the future, subject to obtaining required regulatory approvals.

The Applicant proposes to make the Bloomberg MTF available to Québec participants for trading the instruments listed in Annex A. The instruments that the Applicant proposes to make available for trading by Québec Participants include derivatives as defined in the Derivatives Act.

The Applicant will offer direct access to trading on the Bloomberg MTF to Québec Participants that satisfy criteria for a “professional client,” as defined by the FCA Handbook (“**Professional Client**”) and the criteria specified in the Canada - MTF User Acknowledgment, which is attached as Annex E. The FCA definition of a Professional Client is set forth in Annex D. The Applicant does not offer access to retail clients.

The Applicant is a private limited company organized under the laws of England and Wales, and a wholly owned subsidiary of Bloomberg L.P., a Delaware limited partnership (“**BLP**”). BLP and its affiliates are privately held and ultimately controlled by trusts established by Michael R. Bloomberg.

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

Québec Participants will 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 participant of the Applicant that wishes to trade on the Bloomberg MTF must qualify as a Professional Client and satisfy any other eligibility criteria that the Applicant may set

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from time to time, in accordance with the Bloomberg MTF Rulebook (see Rule 202 (Eligibility)) and the Canada - MTF User Acknowledgment.¹

EXEMPTION FROM SECTION 12 OF THE ACT AND FROM REGULATION 21-101 AND 23-101

Exemption from the Requirement to be Recognised as an Exchange under Section 12 of the Derivatives Act and Section 169 of the Securities Act

As described in greater detail in this application, the Applicant is subject to the requirements of the FCA. Recognition requirements applied to Bloomberg MTF are stringent and take into consideration elements such as governance, fees, fair and equitable access, regulation, market operations, systems and technology as well as clearing and settlement, as prescribed by the AMF.

The Applicant confirms it has the power to cooperate fully with the AMF and self-regulatory organizations in the Province of Québec, and to provide information and documents with respect to its operations that could be reasonably requested by the AMF.

Based on the foregoing, the Applicant seeks an exemption from the requirement of Section 12 of the Derivatives Act and Section 169 of the Securities Act allowing it to carry on derivatives and fixed income activities in the Province of Québec without being recognised by the AMF as an exchange or otherwise. We believe this exemption would not be detrimental to the protection of investors in the Province of Québec and would contribute to the efficiency of Québec's derivatives market.

Exemption from Regulation 21-101 and Regulation 23-101

The Applicant submits to the AMF that the application of Regulation 21-101 and Regulation 23-101 regarding marketplace operation and trading rules to the Applicant would result in duplication of the FCA regulatory framework and hereby seeks an exemption from Regulation 21-101 and Regulation 23-101.

¹ The Bloomberg MTF Rulebook is available online under the heading "Resources" at: <https://www.bloomberg.com/professional/mtf-resources/>.

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CONFIDENTIALITY, CONSENT AND INFORMATION

We request that this application be treated as confidential until such time as the AMF and the Applicant both agree to publish this application for public comment. Enclosed is a certificate of an authorized signatory of the Applicant certifying the truth and accuracy of the facts contained herein.

You will find below, the following information about the Applicant's business and policies under the following headings, which comply with Part 5 of the AMF's "*Policy Statement Respecting the Authorization of Foreign-Based Exchanges*":

- Article 1 – Regulation of the Applicant in its Home Jurisdiction
- Article 2 – Recognition or Authorization Process of the Foreign Regulator in the Home Jurisdiction
- Article 3 – Power of the Applicant Regarding Cooperation
- Article 4 – Power of the Foreign Regulator in the Home Jurisdiction Regarding Cooperation
- Article 5 – Conditions of Compliance

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

Yours very truly,

BLOOMBERG TRADING FACILITY LIMITED

"Jean-Paul Zammitt"

Name: Jean-Paul Zammitt

Title: President, Bloomberg Trading Facility Limited

cc: Terence Doherty, *Osler, Hoskin & Harcourt LLP*

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ARTICLE 1 REGULATION OF THE APPLICANT IN ITS HOME JURISDICTION

1.1 Regulation of the Applicant

The Applicant is regulated in an appropriate manner in the United Kingdom by the Foreign Regulator. Bloomberg MTF is an MTF, as defined in the European Markets in Financial Instruments Directive 2004/39/EC and Directive 2014/65/EU (collectively, “**MiFID**”) and the relevant rules and regulations of the FCA, as set forth in the FCA Handbook.² An MTF is a type of trading venue specified by MiFID, which defines an MTF as “*a multilateral system... which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract.*”

On July 23, 2015, the FCA authorised the Applicant to act as the operator of an MTF for interest rate swaps and credit default swaps under Part 4A of the *UK Financial Services and Markets Act 2000*. On June 10, 2016, the FCA granted the Applicant a Variation of Permission that expanded the Applicant’s authorization to additional financial instruments. All financial instruments for which the Applicant is authorised by the FCA are set forth on Annex B.³

MTF operators that are authorised by the FCA must comply with applicable FCA rules, particularly those in:

- (a) Chapter 1 of the Market Conduct Handbook, which provides guidance on provisions in the *UK Financial Services and Markets Act 2000* that implement the EU Market Abuse Directive;
- (b) Principles for Businesses contained in Chapter 2 of the FCA Handbook, which imposes requirements related to the conduct of business;
- (c) Chapter 5 of the Market Conduct Handbook, which implements part of MiFID as it relates to MTFs;
- (d) The Prudential Sourcebook for Investment Firms, which implements part of the Fourth EU Capital Requirements Directive as it relates to investment firms (including MTF operators);
- (e) The Conduct of Business Sourcebook, which implements part of MiFID as it relates to firms that carry on designated investment business (including operating an MTF);
and

² The FCA Handbook is available online at: <https://www.handbook.fca.org.uk/>.

³ For further details regarding the Applicant’s regulatory status and exercise of its passporting rights, please refer to “Passport Out” at the Applicant’s entry in the FCA’s Financial Services Register at: https://register.fca.org.uk/ShPo_FirmDetailsPage?id=001b000000aQ6QKAA0.

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- (f) High Level Standards and Regulatory Processes, which impose general requirements on FCA-authorized firms, such as MTF operators, and their approved persons.

The Applicant is obligated to comply with FCA rules and requirements which require trading practices that are fair, properly supervised and not contrary to the public interest. Specifically, the FCA Handbook, which the Applicant adheres to, includes the Code of Market Conduct (“MAR”) and provides:

- (a) **Fair trading practices:** MAR 5.3.1R(1) requires the Applicant to have “transparent and non-discretionary rules and procedures for fair and orderly trading.”
- (b) **Properly supervised trading practices:** MAR 5.5.1R requires the Applicant to: “(1) have effective arrangements and procedures, relevant to the MTF, for the regular monitoring of the compliance by its users with its rules and (2) monitor the transactions undertaken by its users under its systems to identify breaches of those rules, disorderly trading conditions or conduct that may involve market abuse.” In addition, the Applicant is required under EU Market Abuse Regulation Article 16(1) to “establish and maintain effective arrangements, systems and procedures aimed at preventing and detecting insider dealing, market manipulation and attempted insider dealing and market manipulation.”
- (c) **Trading practices that are not contrary to the public interest:** Under MAR 5.6.1R, the Applicant is required to report to the FCA where (a) there is a significant breach of the Applicant's rules; (b) there are disorderly trading conditions or (c) the Applicant identifies conduct that may involve market abuse. Also, under MAR 5.3.1R(4), there must be transparent rules governing access to the MTF restricting participants to fit and proper persons. As noted above, Bloomberg MTF is required under the EU Market Abuse Regulation Article 16(1) to “establish and maintain effective arrangements, systems and procedures aimed at preventing and detecting insider dealing, market manipulation and attempted insider dealing and market manipulation.”

Chapter 3 (Trading) of the Bloomberg MTF Rulebook addresses MTF trading practices, incorporates MAR requirements outlined above and is designed to ensure fair and orderly markets accessible to all eligible participants, which markets are properly supervised and operated in a manner consistent with the public interest.

1.2 Authority of the Foreign Regulator in the Home Jurisdiction

The Applicant is subject to regulatory supervision by the FCA in conducting its activities for which it is permitted as set out in Section 1.1 above. In undertaking those activities, the Applicant is required to comply with the FCA's Handbook, which include, among other things, rules on (i) the Conduct of Business (including rules regarding client categorization, communication with clients and other investor protections and client agreements) (ii) Market Conduct (including rules applicable to firms operating an MTF) and (iii) Systems and

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Controls (including rules on outsourcing, governance, record-keeping and conflicts of interest).

The FCA requires the Applicant to comply at all times with a set of threshold conditions for authorization, including requirements that the Applicant is “fit and proper” to be authorised and that it has appropriate resources for the activities it carries on. Breach of a threshold condition could lead to enforcement action or the Applicant's authorization being revoked by the FCA.

In addition to complying with detailed FCA rules and guidance governing the organization and conduct of the Applicant's business, the Applicant is required to act in accordance with the FCA's high level Principles for Businesses contained in Chapter 2 of the FCA Handbook. These include requirements for the Applicant to conduct its business with integrity, due skill, care and diligence, organize and control its affairs responsibly with adequate risk management systems, maintain adequate financial resources and observe proper standards of market conduct. The Applicant is also required to deal with the FCA in an open and cooperative way, and must disclose to the FCA appropriately anything relating to the Applicant of which the FCA would reasonably expect notice.

The Applicant is subject to prudential regulation, including minimum regulatory capital requirements, and is capitalized in excess of regulatory requirements. The Applicant is also required to prepare and submit to the FCA recovery and resolution plans.

1.3 Listing Criteria for Products

The Applicant conducts an assessment of whether a financial instrument is susceptible to manipulation. Factors that contribute to the susceptibility of a financial instrument to manipulation include: (i) the liquidity or lack thereof of the financial instrument; (ii) the level of regulation that surrounds the financial instrument with respect to obligatory clearing, obligatory trade reporting, etc.; (iii) how susceptible the underlying asset is to manipulation and (iv) the number of jurisdictions in which the financial instrument is regularly traded and the level of regulation in those jurisdictions.

As an MTF operator, the Applicant requires specific permission from the FCA to offer the Bloomberg MTF in respect of each financial instrument traded on the Bloomberg MTF. FCA permission is granted either through an initial authorization process or through a subsequent “variation of permission” process.

As part of its initial authorization, the FCA granted permission on July 23, 2015 for the Applicant to offer the Bloomberg MTF in respect of interest rate swaps and credit default swaps. On June 10, 2016, the FCA subsequently granted a variation of permission, allowing the Applicant to offer the Bloomberg MTF in respect of additional instruments listed on Annex B (i.e., bonds, SFTs, ETFs, equity swaps, equity options, FX derivatives (non-deliverable forwards and options), FX forwards and swaps settled by physical delivery and commodity derivatives).

The Applicant is therefore currently authorised by the FCA to offer Bloomberg MTF in relation to all instruments listed on Annex B. To the extent that the Applicant wishes to make

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available for trading additional classes of financial instruments on the Bloomberg MTF, it would require prior FCA approval via a “variation of permission” process.

The FCA has never required the Applicant to cease making a class of financial instrument available for trading on the Bloomberg MTF for failure to comply with the FCA’s Principles for Business or MiFID regulations.

As part of its supervisory powers, the FCA has from time to time required the Applicant to suspend trading in specific financial instruments. This power may be exercised, for example, to comply with sanctions or to prevent market disorder. This power does not relate to a trading venue’s failure to comply with FCA or MiFID regulations.

Once an instrument is made available to trade on a European Union trading venue such as Bloomberg MTF, it is included in the database of instruments of the European Securities and Markets Authority (“ESMA”) which are “traded on a trading venue” (“TOTV”). This has ramifications for participants, as TOTV status triggers transparency / transaction reporting requirements for trading in that instrument.

The Bloomberg MTF Rulebook designates the instruments which the Applicant’s participants may trade. Any changes to the Bloomberg MTF Rulebook must be approved by the Applicant’s chief compliance officer (“CCO”). In addition, any material changes to the Applicant’s Rulebook are also approved by the Applicant’s Executive Committee.

In accordance with the Markets in Financial Instruments Directive 2014/65/EU of the European Parliament and of the Council (“MiFID2”), which was implemented on January 3, 2018, the Bloomberg MTF is required to provide the FCA with reference data for all financial instruments that are admitted to trading or that are traded each trading day. The FCA is then required to transmit this reference data to ESMA each day.

1.4 IOSCO Principles

IOSCO Principles – To the extent it is consistent with the laws of the United Kingdom and the European Union and incorporated in the FCA Handbook and MiFID2, the Applicant 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).

ARTICLE 2 RECOGNITION OR AUTHORIZATION PROCESS OF THE FOREIGN REGULATOR IN THE HOME JURISDICTION

2.1 Corporate Governance

As a private limited company, the Applicant is managed by its board of directors (the “Board”) in accordance with the constitutional rules contained in the Applicant's articles of association. The Applicant’s Board makes strategic and operational decisions of the Applicant and is responsible for ensuring that the Applicant meets its statutory obligations. The Board has the power to create special committees of the Board, and has ultimate

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authority to modify, suspend or overrule any powers delegated thereto. The Applicant has established an Executive Committee, a Risk Committee and a Remuneration Committee to oversee the Applicant's day-to-day business, operations, risk exposure and future risk strategy and to review the operation of the Applicant's compensation and reward systems. The authority of these committees is described in greater detail in Section 2.2.2 below.

2.2 Board and Committee Representation

2.2.1 The Board of Directors

FCA rules place considerable emphasis on the role and responsibilities of the Applicant's Board and senior management. The Board has overall responsibility for the Applicant, approves and oversees implementation of the Applicant's strategic objectives, risk strategy and internal governance, ensuring the integrity of the Applicant's accounting and financial reporting systems, including financial and operational controls and overseeing the process of disclosure and communications.

The Board has responsibility for providing effective oversight of senior management, and periodically assesses the effectiveness of the Applicant's governance arrangements and will take steps to address any deficiencies. Board members are accountable to the FCA for every aspect of the Applicant's business and its compliance with FCA rules.

The Board is responsible for the following:

- (a) setting, reviewing and approving the terms of reference (and any amendments thereto) of each of the committees of the Board;
- (b) appointing the chairman of the Applicant's Board and of each of the committees of the Board;
- (c) appointing the chief executive officer and the CCO; and
- (d) receiving and considering updates from each committee of the Board.

The Board is ultimately responsible for the Applicant's overall risk management and for maintaining an appropriate internal control framework. Risk issues are addressed as needed at quarterly Board meetings.

The Applicant's Board consists of five (5) directors, four (4) of whom are non-executive directors (i.e., directors who have no responsibility for implementing the decisions or the policies of the governing body of the Applicant, as defined by the FCA). The Applicant's directors are Peter T. Grauer, Jean-Paul Zammit, Jose Ribas, Constantin Cotzias and Arlene McCarthy. Messrs. Grauer, Ribas, and Cotzias, and Ms. McCarthy are non-executive directors. None of the Applicant's directors would be considered "independent" directors under the tests in *Regulation 52-110 respecting Audit Committees*.

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Information on the terms of the Board is not available on the Bloomberg MTF website. However, a public register of current Directors is available at: <https://beta.companieshouse.gov.uk/company/09019569/officers>.

2.2.2 Board Committees

The Board has delegated certain responsibilities and duties to the Applicant's Executive Committee, Risk Committee and Remuneration Committee. Each committee is subject to the authority of the Board, and the Board retains the authority to overrule the decisions of each committee.

- *The Executive Committee:* The Executive Committee manages the day-to-day business and operations of the Applicant and escalates significant items to the Board. The Executive Committee performs oversight of financial reporting and disclosure and other functions normally associated with an audit committee for the Applicant. It comprises senior executive stakeholders of the Applicant.
- *The Risk Committee:* The Risk Committee oversees the Applicant's risk exposure and future risk strategy and advises the Executive Committee, the chief executive officer and the Board on the Applicant's overall risk strategy. It comprises executives from Risk, Engineering and Compliance. The heads of individual business units are responsible for identifying and analyzing the risks relevant to their business unit and reporting to the Risk Committee.
- *The Remuneration Committee:* The Remuneration Committee is responsible for reviewing the operation of the Applicant's compensation and reward systems.

The Board may from time to time constitute and appoint additional standing committees as it may deem necessary or advisable. The Applicant may also from time to time establish one or more special committees as it may deem necessary or advisable.

2.3 Director Qualifications, Remuneration and Limitation of Liability

2.3.1 Director Qualifications and Fitness Standards

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 MTF. The Applicant has also appointed four (4) non-executive directors (i.e., directors who have no responsibility for implementing the decisions or the policies of the governing body of the Applicant, as defined by the FCA) to its Board. The Applicant's non-executive directors have broad experience in various industries and some sit on the boards of Bloomberg Trade Repository Limited, Bloomberg STP LLC, Bloomberg Global Limited, DaVita Inc. and many other corporations.

As part of its FCA-authorization process, the Applicant was required to provide details of its governance arrangements to the FCA for the FCA to ensure that these arrangements met the FCA's threshold conditions for authorization, including the requirement that the Applicant is

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“fit and proper”. Factors to which the FCA may have regard when assessing whether a firm is fit and proper include whether the firm's governing body is made up of individuals with an appropriate range of skills and experience to understand, operate and manage the firm's regulated activities and whether, where appropriate, the firm's governing body includes non-executive representation.

Individuals carrying on certain “controlled functions” for the Applicant must be approved by the FCA. This includes all directors, the chief executive officer, the chief risk officer, the CCO and the money laundering reporting officer. Individuals performing controlled functions for the Applicant appear on the FCA's Financial Services Register.⁴

An approved person is directly subject to obligations under the FCA's regulatory regime, and must comply with high-level regulatory requirements applicable to individuals known as the FCA's “Statements of Principle and Code of Practice for Approved Persons.” These include requirements for approved persons to act with integrity, skill, care and diligence, to observe proper standards of market conduct and to deal with regulators in an open and cooperative way.

The FCA may take enforcement action against an approved person where he or she either (a) breaches one or more of the Statements of Principle and Code of Practice for Approved Persons or (b) is knowingly concerned in a breach of an FCA Rule by the Applicant.

In accordance with the FCA's requirements relating to an “approved person” described above, all members of the Applicant's Board have been approved by the FCA as “approved persons” of the Applicant. When applying for these approvals, the Applicant was required to satisfy itself and the FCA that the candidates are “fit and proper” to perform their roles. These individuals are also required to comply with the FCA's Statements of Principle and Code of Practice for Approved Persons on an ongoing basis.⁵

Pursuant to the Applicant's Articles of Association, the Applicant's directors may, and the Applicant may by resolution, appoint a person who is willing to act as a director and is permitted by law to do so, in accordance with the provisions of Article 20 of the Model Articles for Public Companies as set out in Schedule 3 to the Companies (Model Articles) Regulations (SI 2008/3229) (“**Model Articles**”), which Model Articles are incorporated into the Applicant's Articles of Association as permitted by UK law.

A director may be removed by the Applicant upon the occurrence of any of the events listed in Article 22 of the Model Articles. These events include the following:

- (a) that person ceases to be a director by virtue of any provision of the *Companies Act 2006 (UK)* or is prohibited from being a director by law;

⁴ Please refer to the “Individuals” section of the Applicant's record at the FCA's Financial Services Register at: https://register.fca.org.uk/ShPo_FirmDetailsPage?id=001b000000aQ6QKAA0.

⁵ For further details regarding the Applicant's Approved Persons, please refer to the “Individuals” section of the Applicant's record at the FCA's Financial Services Register at: https://register.fca.org.uk/ShPo_FirmDetailsPage?id=001b000000aQ6QKAA0.

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- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the Applicant stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or
- (f) notification is received by the Applicant from the director that the director is resigning from office as director, and such resignation has taken effect in accordance with its terms.

A director may also be removed from office by the Applicant if he or she becomes, in the opinion of all the other directors, incapable by reason of illness (including, without limitation, mental illness or disorder) or injury of managing or administering any property or affairs of his or her own or of the Applicant and the directors resolve that his or her office be vacated. The appointment of any person to any office pursuant to Article 20 of the Model Articles may at any time be revoked by the directors, without prejudice to any rights of the holder of such office in respect of such revocation.

The Applicant's directors and certain other individuals carrying "controlled functions" are approved by the FCA, as described above. The FCA grants such approval only if it is satisfied that the candidate is a "fit and proper person" to perform the relevant controlled function. Responsibility lies with the Applicant to satisfy itself and the FCA that the relevant individual is fit and proper to perform the controlled function applied for. The Applicant must also notify the FCA if it becomes aware of information which would reasonably be material to the assessment of an approved person's (or candidate's) fitness and propriety.

2.3.2 Director Remuneration and Limitation of Liability

The directors that are employees of Bloomberg MTF do not receive any remuneration for their services as directors, but each director is entitled to reimbursement from Bloomberg MTF for reasonable expenses incurred with respect to duties as a member of the Board or any committee. The Board may approve a fixed fee that is not tied to the Applicant's business performance to be paid to a non-employee director for attendance at each meeting of the Board or any committee. Directors' compensation is set by the Applicant at a level that reflects each director's responsibility, role and experience.

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

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The Applicant's Articles of Association provide that the Applicant may (i) indemnify any director against all losses and liabilities which he or she may sustain or incur in the execution of (or in relation to) the duties of his or her office; and (ii) purchase and maintain insurance for any director against any liability attaching to him or her in connection with any negligence, default, breach of duty or breach of trust by him or her in relation to the Applicant, in each case, to the extent permitted by applicable law. The indemnification and insurance provisions in the Articles of Association do not apply to employees.

2.4 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.

The Applicant's Executive Committee is responsible for management of actual and potential conflicts of interest that may arise, including conflicts of interest between: (1) the Applicant, its directors, personnel and any person directly or indirectly linked to them by control, and a participant; and (2) different participants.

The Applicant's CCO is responsible for keeping and regularly updating a record of the kinds of service or activity carried out by or on behalf of the Applicant in which a conflict of interest entailing a material risk of damage to the interests of one or more participants has arisen, or, in the case of an ongoing service or activity, may arise. It is the responsibility of the business to identify real and potential conflicts and to notify the CCO so that any conflicts are recorded. A Conflicts Map⁶ is also reviewed by the Risk Committee on an annual basis.

The Applicant's senior management is responsible for notifying the Applicant's CCO in a timely manner of any proposed changes or new developments in the services and activities of the Bloomberg MTF to enable the Applicant's CCO to determine whether any conflicts may arise and/or whether any disclosure to participants is required.

2.5 Fees and Financial Viability

As an MTF regulated by the FCA and governed by FCA rules, the Applicant's fee structure, including any execution fees, ancillary fees and rebates, is required by MAR 5.3A.11 to be transparent, fair and non-discriminatory. Under MiFID, trading venues like MTFs are required to charge the same fees and provide the same conditions to all users of the same type of services based on objective criteria, and may only establish different fee structures for the same type of services where those fee structures are based on non-discriminatory, measurable and objective criteria. In accordance with FCA rules and MiFID, similarly situated Bloomberg MTF participants are charged the same fees pursuant to the Applicant's fee structure.

⁶ The Conflicts Map is a record of the kinds of service or activity carried out by or on behalf of the Applicant in which a conflict of interest entailing a material risk of damage to the interests of one or more participants has arisen.

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The process for setting fees is fair and appropriate, and the fee model is transparent. The Applicant is required by MiFID to ensure that its fee structure is sufficiently granular to allow users 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. MiFID also requires the Applicant to publish objective criteria for the establishment of its fees and fee structures, together with execution fees, ancillary fees, rebates, incentives and disincentives in one comprehensive and publicly accessible document on their website. The Applicant's fees are publicly posted on its website at: <https://www.bloomberg.com/professional/product/multilateral-trading-facility/> under "BTFL Fees".

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 prudential regulation, including minimum regulatory capital requirements, and must submit financial reports to the FCA.

To assess its regulatory capital requirements, the Applicant has implemented a bottom-up and a top-down approach to identify 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. The Applicant separately calculates the wind-down cost for the business under stressed scenarios. The Applicant's overall regulatory capital requirement has been determined as the wind-down requirement since it is the higher of the amount required against business risks and the wind-down requirement.

The Applicant is capitalized in excess of regulatory requirements and will maintain any future minimum capital amounts needed to meet FCA requirements

2.6 Fair and Equitable Access

The Applicant has established appropriate written standards for access to the Bloomberg MTF including requirements to ensure: (i) participants are appropriately registered as applicable under Québec securities laws, or exempted from these requirements, (ii) the competence, integrity and authority of systems users, and (ii) systems users are adequately supervised.

Consistent with the FCA's MAR of the FCA Handbook (Section 5.3.1(4)), the Applicant provides access to participants on a fair, non-discriminatory and open basis. Participant status, access to, and usage of, the Bloomberg MTF 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 Bloomberg MTF Rulebook sets out the admission and eligibility criteria that participants must meet.⁷ Specifically, to be eligible for admission as a

⁷ The Bloomberg MTF Rulebook is available online under "Resources" at: <https://www.bloomberg.com/professional/mtf-resources/>.

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participant, a participant applicant must demonstrate to the satisfaction of the Applicant that it:

- (a) is a Professional Client (as provided in Annex D);
- (b) is (A) authorised as an EEA credit institution or EEA investment firm or (B) an entity that has satisfied and will continue to satisfy the Applicant that it is fit and proper to become a participant, with adequate organizational arrangements in place and a sufficient level of trading ability and competence;
- (c) complies, and will ensure that its authorised traders comply, and, in each case, will continue to comply, with the Bloomberg MTF Rulebook and applicable law;
- (d) has the legal capacity to trade in the instruments it selects to trade on the Bloomberg MTF;
- (e) has appropriate systems and arrangements for the orderly clearance and/or settlement, as applicable, of transactions in all instruments it selects to trade on the Bloomberg MTF;
- (f) has all registrations, authorizations, approvals and/or consents required by applicable law in connection with trading in instruments on the Bloomberg MTF;
- (g) has adequate experience, knowledge and competence to transact in the instruments; and
- (h) is not a natural person, an independent software provider, a trading venue or an unregulated organized trading platform or system.

Pursuant to Rule 203 of the Bloomberg MTF Rulebook, participants must at all times comply with the Bloomberg MTF's eligibility criteria. Participant eligibility will be signed off on an annual basis. In addition the Applicant carries out KYC/AML reviews on a periodic basis depending on the risk profile of the participant and more frequently upon trigger events (e.g., changes of name).

In addition to the requirements set forth above, all Québec Participants will be required to sign the Canada - MTF User Acknowledgment representing that they meet the criteria set forth in the Canada - MTF User Acknowledgment, including that they are appropriately registered under Québec securities laws, exempt from registration or not subject to registration requirements. The Canada - MTF User Acknowledgement will require a Québec Participant to make an ongoing representation that each time it uses the Bloomberg MTF that it continues to meet the criteria set forth in the Canada - MTF User Acknowledgement. A Québec Participant will also be required to immediately notify the Applicant if it ceases to meet any of the above criteria represented by it on an ongoing basis.

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Pursuant to its obligations under FCA rules, the Applicant has implemented rules, policies and procedures that are designed to not permit unreasonable discrimination among participants or impose unreasonable or unnecessary burdens on competition.

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.

2.7 Regulation of Participants

As required by the FCA Handbook, the Bloomberg MTF Rulebook sets out transparent and non-discretionary rules and procedures for fair and orderly trading by participants and objective criteria for efficient execution of orders. Participants are required to comply with a significant number of rules that govern trading on the Bloomberg MTF. The applicable rules are primarily located in Chapter 3 (Trading) of the Bloomberg MTF Rulebook.⁸

The Applicant is dedicated to safeguarding the integrity of the Bloomberg MTF, and has policies and procedures that are designed to ensure that the Bloomberg MTF 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 the Bloomberg MTF with the knowledge that it remains open and transparent.

The Applicant's Compliance Department assesses participants' compliance with the Bloomberg MTF Rulebook on an ongoing basis on a risk-based proactive approach. In addition, the Applicant has carried out a market abuse risk assessment and conducts electronic surveillance of orders and transactions carried out by participants to monitor for potential breaches of the Bloomberg MTF's rules, disorderly trading conditions and conduct that may involve market abuse. The Applicant's Compliance Department has the capability to suspend all trading on the Bloomberg MTF during emergency situations via a "kill switch." The Compliance Department also has the ability to suspend trading 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's Compliance Department operates a real-time electronic market surveillance system which is designed to identify potential disorderly market conditions and the risk of market abuse. The trade surveillance system is capable of detecting potential market abuse scenarios and violations of the Bloomberg MTF Rulebook. The automated trade surveillance system has the capability to detect and flag specific trade execution patterns and trade anomalies, compute, retain, and compare trading statistics, reconstruct the sequence of market activity, perform market analyses to perform in-depth analyses and ad hoc queries of trade and order-related data.

⁸ The Bloomberg MTF Rulebook is available online under "Resources" at: <https://www.bloomberg.com/professional/mtf-resources/>.

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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 trading patterns potentially indicative of market abuses.

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 arises in the course of participant onboarding, this will be reported to the National Crime Agency, a national law enforcement and policy agency in the United Kingdom, which investigates and prosecutes money laundering, terrorist financing and related offenses.

The Applicant has a wide range of tools for enforcing participants' compliance with the Bloomberg MTF Rulebook. These tools include issuing written warning letters, temporarily suspending access, imposing conditions on access or terminating a participant's ability to access the Bloomberg MTF. Please see Rule 208 (Suspension or Termination) of the Bloomberg MTF Rulebook.

If the Compliance Department identifies a breach of the Bloomberg MTF rules or behavior or an issue that presents an immediate threat to market integrity or orderliness, it will (i) notify the CCO as soon as practicable and (ii) conduct an investigation into the alleged behavior or issue. If the CCO 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 CCO may issue a *written warning letter*. No further action is required if the breach is remedied and no further breaches are committed. Otherwise, the CCO will issue a *final written warning*. If the breach is still not remedied, then the issue will be escalated to a panel comprised of appropriately experienced senior members of the Applicant's Compliance Department and product teams to discuss further actions.

If the CCO determines that the breach is significant and poses an immediate threat to the stability or integrity of the MTF, the CCO may *temporarily suspend* the participant involved, pending further investigation and notification of the relevant product manager. The CCO will escalate the issue to the panel to determine further action, such as temporary suspension, the imposition of conditions, termination of a Participant's access or the lifting of a suspension, and the participant will be notified of the panel's decision in writing.

Pursuant to the FCA's Market Conduct Rules (Rule 5.6.1), the Applicant reports to the FCA (a) significant breaches of Bloomberg MTF Rules, (b) disorderly trading conditions, and (c) conduct that may involve market abuse. The Applicant also notifies the FCA when a participant's access is terminated, and may notify the FCA when a participant is temporarily suspended or subject to condition(s). The FCA has power to investigate and impose unlimited fines for market abuse, and has the power to prosecute for market manipulation. A participant may be referred to a regulator in another jurisdiction with which the FCA has

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entered into a memorandum of understanding (“MOU”). See Article 4 for details regarding the MOU that exists between the FCA and the AMF.

As a MiFID firm, the Applicant is subject to a complaints regime under MiFID when it provides MiFID services to its participants (e.g., making available an MTF). MiFID services encompass all of the activities for which the Applicant has FCA authorisation, as well as ancillary services. As such, all complaints that relate to the operation of the Bloomberg MTF fall within the scope of the MiFID complaints regime. Pursuant to this regime, the Applicant is required to maintain and update effective and transparent complaints handling policies and procedures for the prompt handling of and management of participant complaints. As such, the Applicant maintains a Complaints Policy, which is available to Bloomberg MTF participants upon request, as indicated on the Applicant’s website.⁹

Bloomberg MTF participants may raise a complaint regarding a variety of matters including, but not limited to, Bloomberg MTF Rulebook violations, any potential fraudulent acts, dishonorable or dishonest conduct, access to the Bloomberg MTF or the ability (or inability) to interact with other Bloomberg MTF participants. Once received, any complaints must be promptly referred to the Compliance Department of the Applicant. In the event that a compliance officer is involved in the subject matter of the complaint, the complaint is referred to the Applicant’s CCO. If the Applicant’s CCO is the subject matter of the complaint, then the complaint is referred to the EMEA Head of Compliance.

The Applicant promptly acknowledges a participant complaint in writing within three business days. In this acknowledgement, the Compliance Department provides the name and title of an individual in the Compliance Department who is handling the complaint. The Compliance Department investigates the complaint competently, diligently and impartially, and promptly assesses the specific circumstances surrounding a complaint by reviewing all appropriate records and speaking to the individuals involved, with a view to deciding whether the complaint should be upheld and whether any remedial action and/or redress may be appropriate.

The Applicant keeps any complainant participant informed of the progress of the measures that are been taken to resolve their complaint. Once the Compliance Department has completed its investigation by fully considering the subject matter of the complaint and whether the complaint should be upheld, the Compliance Department writes to the complainant participant. This communication:

- reiterates the understanding of the complaint, noting the issues raised by the complainant participant;
- provides an assessment of the complaint issue by issue;
- provides a clear expression of whether the Applicant has accepted or rejected the complaint;

⁹ Please see the “Complaints” section of the Applicant’s website, which is accessible at: <https://www.bloomberg.com/professional/product/multilateral-trading-facility/>.

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- provides an offer for redress or remedial action (where applicable); and
- informs the complainant participant about their options, including (where applicable) the ability to refer the complaint to an Alternative Dispute Resolution service or civil action.

The Applicant acts promptly if a complainant participant accepts any offer of redress or remedial action that the Applicant has offered.

2.8 Rulemaking

Pursuant to its obligations under FCA rules, the Applicant has implemented rules, policies and procedures that are designed to not permit unreasonable discrimination among participants or impose unreasonable or unnecessary burdens on competition. The Applicant's rules are covered in Chapters 1 through 4 of its Rulebook, which include: Chapter 2 (Participants), Chapter 3 (Trading), Chapter 4 (Miscellaneous) and the BMTF Market Annexes. In particular, the participant eligibility criteria in Rule 202 (Eligibility) of the Bloomberg MTF Rulebook and ongoing participant obligations in Rule 203 (Continuing Obligations of Participants) of the Bloomberg MTF Rulebook are transparent, objective and set reasonable minimum standards applicable to all Bloomberg MTF participants. The Applicant believes that its rules and policies that govern the activities of participants are consistent with the rules and policies of other marketplaces, and therefore do not impose any burden on competition that is not reasonably necessary or appropriate.

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

Specifically, the rules are designed to:

- ensure compliance with applicable legislation.** Chapter 2 (Participants) of the Bloomberg MTF 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 Bloomberg MTF Rulebook and applicable law.¹⁰ The Applicant is obligated to comply with FCA rules, and must implement rules that require compliance with FCA rules by its participants. The Applicant proactively monitors 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.

¹⁰ See Rule 202(d) of the Bloomberg MTF Rulebook. The Bloomberg MTF Rulebook is available online under "Resources" at: <https://www.bloomberg.com/professional/mtf-resources/>.

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- (b) **prevent fraudulent and manipulative acts and practices.** Chapter 3 (Trading) of the Bloomberg MTF Rulebook specifically prescribes trading practices and trading conduct requirements, including prohibited trading activities, and prohibits fictitious trades, fraudulent activity and manipulation. 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.
- (c) **promote just and equitable principles of trade.** All systems of the Bloomberg MTF are available to all participants on a non-discriminatory basis. Throughout the Bloomberg MTF Rulebook, the Applicant has established transparent and objective standards for access to and trading on the Bloomberg MTF to foster competitive and open market participation. The Applicant believes that compliance with the Bloomberg MTF Rulebook and related compliance procedures promote just and equitable principles of trade.
- (d) **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 404 (Compliance with Applicable Law; Cooperation with Regulatory Authorities) of the Bloomberg MTF Rulebook authorizes the Applicant to provide full assistance and information to the FCA, and any other regulatory authority (e.g., the AMF), 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 the Bloomberg MTF. Each participant is also required by Bloomberg MTF Rule 404 to provide full assistance, information or documents to the FCA 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 the MTF.

A Bloomberg MTF participant is bound to comply with the rules of a clearing house to which the Applicant provides direct connectivity pursuant to Bloomberg MTF Rule 308 (Execution, Clearing and Settlement), and must represent that it has appropriate systems and arrangements for the orderly clearance and/or settlement of transactions in all instruments it selects to trade on the Bloomberg MTF, pursuant to Bloomberg MTF Rule 202(d). Bloomberg MTF Rule 405 (Confidentiality) also authorizes the Applicant to provide any material non-public information provided by a participant or an authorised trader to (i) a clearing house of which such participant is a member or in connection with the clearing of a participant's trade cleared by such clearing house, and (ii) to other participant(s) to facilitate a participant's trading on the Bloomberg MTF.

- (e) **promote a framework for disciplinary and enforcement actions.** Under Chapter 2 (Rules 207 and 208) of the Bloomberg MTF Rulebook, the Applicant may take action against a participant or its authorised trader(s) in circumstances including, but not

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limited to, where the participant or its authorised trader(s): (a) materially breaches any rule of the Bloomberg MTF Rulebook, applicable law or the Bloomberg MTF participant agreement; (b) commits any action set forth in Bloomberg MTF 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 Bloomberg MTF Rule 304 (Prohibited Trading Practices). Under Bloomberg MTF Rule 306 (Risk Controls), the Applicant may also suspend, postpone or extend all trading on the MTF, or in respect to one or more instruments on the MTF, where the Applicant reasonably considers it is necessary to (i) maintain the stability or integrity of the Bloomberg MTF, (ii) ensure fair and orderly trading, (iii) avoid violation of applicable law, (iv) prevent erroneous execution of trades, and/or (v) as otherwise required by applicable law or a regulatory authority or court.

- (f) **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 trading on the Bloomberg MTF during emergency situations via a "kill switch." The Compliance Department also has the ability to suspend trading 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.

2.9 Record Keeping

FCA 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 FCA to monitor it. The Applicant implemented policies designed to ensure that the FCA has ready access to the Applicant's records that it is required to maintain under MiFID, from which the FCA should be able to reconstruct each key stage of a transaction on the Bloomberg MTF if required.

The Applicant collects data related to its regulated activity on a daily basis. The Applicant maintains an "audit trail" for every order entered and transaction executed on the Bloomberg MTF. Audit trail information for each transaction includes the order instructions, entry time, modification time, execution time, price, quantity, account identifier and parties to the transaction, as well as the firm number connected with an RFQ and the date and time when an RFQ 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.

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 the Bloomberg MTF rules by participants for at least five years.

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2.10 Outsourcing

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 and other support. BLP seconds staff to the Applicant under the Services Agreement.

Under FCA 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 FCA 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.

The Applicant has adopted an internal audit function using a “co-sourced” model. The Applicant's “co-sourced” provider is Deloitte & Touche LLP (“**Deloitte**”). Deloitte reports through the BLP Chief Risk Office, which has appointed an internal audit liaison officer to manage the relationship with Deloitte, as well as to provide day-to-day oversight and manage internal audit functions.

2.11 Enforcement Rules

An MTF is required under the FCA Handbook to set rules, conduct compliance reviews, monitor participants' trading activity and take enforcement action against participants when appropriate.

The Applicant is required to maintain a permanent and effective compliance function, which is headed by the Applicant's CCO, an FCA approved person.

The Applicant's Compliance Department is responsible for implementing and maintaining adequate policies and procedures designed to ensure that the Applicant (and all of its employees) comply with their obligations under the FCA rules. These include policies on conflicts of interest, gifts and inducements. The Applicant's Compliance Department is responsible for training employees on relevant compliance matters.

The Applicant's Compliance Department is also responsible for identifying steps which the Applicant must take to comply with FCA rules, including ensuring that all required notifications are made to the FCA, and for maintaining a breaches register that records any FCA Rule breaches.

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Pursuant to MAR 5.6.1, the Applicant is required to report to the FCA (a) significant breaches of Bloomberg MTF Rules, (b) disorderly trading conditions, and (c) conduct that may involve market abuse. The Applicant will also notify the FCA when a participant's access is terminated, and may notify the FCA when a participant is temporarily suspended or subject to condition(s). The FCA may choose to take further action against a participant in its discretion.

The Applicant will comply with its regulatory obligations and supply data and information to the FCA when required, and will also assist the FCA in any investigation conducted regarding trading on the MTF. Please also see Section 2.7.

The Applicant has instituted procedures and controls to collect information, examine participants' records, supervise trading on the Bloomberg MTF, 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 Bloomberg MTF 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 Bloomberg MTF and legislative requirements.

Section 2.7 of this application describes the resources available to the Applicant to investigate breaches of the Bloomberg MTF Rulebook and to enforce its rules.

The Applicant may prevent a person from becoming a Bloomberg MTF participant, if in the Applicant's sole discretion, the person does not satisfy the eligibility criteria listed in Section 2.6 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 Bloomberg MTF 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 the MTF for any of the circumstances, violations or events listed in Bloomberg MTF Rule 208(a).

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

If the CCO 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 CCO may issue a *written warning letter*. No further action is required if the breach is remedied and no further breaches are committed. Otherwise, the CCO will issue a *final written warning*. If the breach is still not remedied or if the CCO determines that the breach is significant, the CCO may: impose conditions on the participant's access to BMTF, *temporarily suspend* the

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participant involved, pending further investigation and notification of the relevant product manager or permanently terminate the participant's access to BMTF.

A participant may appeal any decision taken by the CCO. In the event of an appeal, the CCO will escalate the issue to a panel comprised of appropriately experienced senior members of the Applicant's Compliance Department and product teams to determine further action, such as temporary suspension, the imposition of conditions, termination of a participant's access or the lifting of a suspension, and the participant will be notified of the panel's decision in writing.

The Applicant 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 the Bloomberg MTF rules by participants for at least five years.

If a participant's access is terminated and the FCA is notified, the participant will be subject to the FCA's process. The Applicant will comply with its regulatory obligations and supply data and information to the FCA when required. The Applicant will assist the FCA in any investigation conducted regarding trading on the Bloomberg MTF.

2.12 Systems and Technology

The Bloomberg MTF has appropriate internal controls designed to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and a business continuity plan to enable Bloomberg MTF to properly carry on its business.

The Applicant and its service provider, BLP, has put safeguards and security tools in place at varying levels across the Bloomberg MTF to protect the critical data and system components of the Bloomberg MTF (the "**Systems**"), including (i) encryption and data compression, (ii) denial of service protection, (iii) firewalls, (iv) configured routers, (v) demilitarized zones ("**DMZs**")¹¹ and network segmentation; (vi) intrusion detection procedures; (vii) event logging and log analysis; and (viii) virus protection.

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.

The Applicant examines current and historical production loads on the Bloomberg MTF and the electronic trading platforms operated by affiliates of the Applicant, for the same financial instruments as traded on the Bloomberg MTF to calculate reasonable current and future capacity estimates.

¹¹ 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.

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The Applicant supervises and conducts periodic stress testing of the Systems' 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.

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.

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.

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 comprised of "execution machines" (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.

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.

The Applicant reviews and keeps current development and testing procedures for the Systems pursuant to the Applicant's Compliance Manual.

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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. The Applicant anticipates six (6) hours for resumption of operations if the Business Continuity/Disaster Recovery Plan is invoked. 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 FCA 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 the Applicant's Business Continuity/Disaster Recovery Plan for five years.

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 rejection capability; and (vii) trade cancellation capability.

Bloomberg MTF Rule 307 (Trade Cancellation and Amendment) provides procedures that apply in the event of a trading error caused by either a participant or a system error. Pursuant to Rule 307, the Applicant may cancel a trade executed on the Bloomberg MTF if a trade was the result of a clerical or operational error by a participant. The Applicant may also require the parties to a trade to cancel any trade executed on the Bloomberg MTF if the Applicant determines that the trade resulted from a system error, the trade appears to be market abuse, otherwise manipulative, deceptive or fraudulent or if the cancellation is necessary to maintain fairly and orderly trading.

The Applicant may at any time suspend, postpone or extend trading on the Bloomberg MTF 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 the Bloomberg MTF; (ii) to ensure fair and orderly trading; (iii) to avoid violation of applicable law; (iv) to prevent erroneous execution of trades; and/or (v) as otherwise required by applicable law or pursuant to an order or request of a regulatory authority or court of competent jurisdiction.

2.13 Clearing and Settlement

The Applicant 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.

Neither the Applicant nor any of its affiliates provides clearing, settlement or custodial facilities to participants for trades executed on the Bloomberg MTF. Clearing and settlement requirements and arrangements vary according to the instrument traded on the Bloomberg MTF. Bloomberg MTF participants are required to have in place appropriate arrangements for the orderly clearance and/or settlement of trades. Bloomberg MTF participants must comply with any clearing obligation that applies to them under applicable law, including the

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laws of the province of Québec. The Applicant will present any trade required to be cleared to a clearing house for clearing on behalf of a Bloomberg MTF participant.¹²

For transactions in financial instruments that are intended to be cleared, participants must mutually select a clearing house through which the transaction will be cleared, and must have clearing arrangements with a clearing member of that clearing house or be a member of that clearing house. The rules of the relevant clearing house will govern the clearing of the transaction, and the Applicant will notify the participants involved in the transaction about the status of the trade once the clearing house has informed the Applicant about the status of the relevant trade. Settlement of transactions that are not intended to be cleared will take place between the participants involved in accordance with arrangements agreed between them.

It is the Applicant's expectation that Québec Participants either (a) are clearing members of a clearing house and clear directly (provided such clearing house has obtained recognition as a clearing agency in Québec or an exemption or interim exemption from recognition as a clearing agency in Québec) or (b) have a relationship with a clearing member on whom the participant relies for clearing.

If a clearing house rejects a trade for clearing, the relevant participants must process the trade in accordance with the applicable trading arrangements governing the performance and settlement of the trade.

An MTF must submit all trades that are required to be cleared to a clearing house for clearing. The Applicant provides direct connectivity to a number of clearing houses for derivative financial instruments. The clearing houses for clearing interest rate swaps are: LCH Limited (formerly known as LCH.Clearnet Ltd.) and Chicago Mercantile Exchange Inc. The clearing houses for credit default swaps are: ICE Clear Europe Limited, ICE Clear Credit LLC and Chicago Mercantile Exchange Inc. LCH Limited and the Chicago Mercantile Exchange Inc. are each recognised or have obtained an exemption from recognition as clearing houses in Québec. ICE Clear Europe Limited and ICE Clear Credit LLC are not recognized and have not obtained an exemption from recognition as a clearing house in Québec. Accordingly, ICE Clear Europe Limited and ICE Clear Credit LLC are not authorized to provide clearing services for credit default swaps directly to Québec Participants.

LCH Limited and ICE Clear Europe Limited are authorised under the European Markets Infrastructure Regulation ("**EMIR**") as central counterparties (each, a "**CCP**"), recognised in the United Kingdom and regulated by the Bank of England.¹³ Chicago Mercantile Exchange Inc. and ICE Clear Credit LLC are recognised by ESMA as CCPs,¹⁴ and registered as

¹² Please see Rule 202 and Rule 308(a)(i) of the Bloomberg MTF Rulebook, which is available at: <https://data.bloomberglp.com/professional/sites/10/BMTF-Rulebook-August-2018-Final.pdf>.

¹³ Please see ESMA's "List of Central Counterparties authorised to offer services and activities in the Union," which is available at: https://www.esma.europa.eu/sites/default/files/library/ccps_authorized_under_emir.pdf.

¹⁴ Please see ESMA's "List of third-country central counterparties recognised to offer services and activities in the Union" which is available at: https://www.esma.europa.eu/sites/default/files/library/third-country_ccps_recognised_under_emir.pdf.

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designated clearing organizations (“DCOs”) with the U.S. Commodity Futures Trading Commission (“CFTC”), and subject to the regulation and jurisdiction of ESMA and the CFTC.¹⁵

As DCOs, the Chicago Mercantile Exchange Inc. and ICE Clear Credit LLC must comply with the “DCO Core Principles,” established in Section 5b of the United States Commodity Exchange Act, including CFTC Regulation 39.13 – *Risk management*, CFTC Regulation 39.10 – *Compliance with core principles*, and CFTC Regulation 39.18 – *System safeguards*. As a DCO registered with the CFTC, each DCO is required to have adequate and appropriate risk management capabilities, systems safeguards, emergency procedures and plan for disaster recovery.

As CCPs recognised by ESMA, the clearing houses must comply with applicable regulatory technical standards (RTS) (which prescribe capital requirements etc.) and implementing technical standards (ITS)¹⁶ (which prescribe records to be maintained by CCPs) by ESMA and other requirements imposed by Regulation (EU) No 648/2012 of the European Parliament and of the Council and supplementing regulations.¹⁷ Each CCP is required to have adequate and appropriate risk management capabilities, systems safeguards, emergency procedures and plan for disaster recovery.

ESMA maintains guidance on market structures issues under MiFID II, which includes a section on how to apply this requirement. On pages 36-37 of the guidance, ESMA gives examples of behaviors which are impermissible for trading venue operators on the grounds that they are non-objective and discriminatory. This includes behaviors such as requiring participants to be direct clearing members of a CCP, or requiring minimum trading activity. These examples appear to be aligned with CFTC Rule 37.1100, which precludes SEFs from unreasonably restraining trade and/or imposing material anticompetitive burdens on trading or clearing.

The ESMA guidance may be found here:
https://www.esma.europa.eu/sites/default/files/library/esma70-872942901-38_qas_markets_structures_issues.pdf.

ARTICLE 3 POWER OF THE APPLICANT REGARDING COOPERATION

The Applicant confirms that it has the power to cooperate fully with the AMF and self-regulatory organizations in the Province of Québec, and to provide information and documents with respect to its operations that could be reasonably requested by the AMF.

¹⁵Please see the CFTC’s list of Derivatives Clearing Organizations, which is available at: <https://sirt.cftc.gov/sirt/sirt.aspx?Topic=ClearingOrganizations>.

¹⁶ Please see “Technical Standards” for an overview of all technical standards which are applicable to CCPs, which is available at: <https://www.esma.europa.eu/convergence/guidelines-and-technical-standards>.

¹⁷ Please see Regulation (EU) No 648/2012 of the European Parliament and of the Council, which is available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012R0648>.

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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 AMF will be referred immediately to the BLP Legal Department and the Applicant's Compliance Department.

Rule 404 (Compliance with Applicable Law; Cooperation with Regulatory Authorities) of the Bloomberg MTF Rulebook authorizes the Applicant to provide full assistance and information to the FCA, and any other regulatory authority (e.g., the AMF) 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 the Bloomberg MTF. Each participant is also required by Bloomberg MTF Rule 404 to provide full assistance, information or documents to the FCA 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 the Bloomberg MTF. Please also see Rule 404 of the Bloomberg MTF Rulebook.

ARTICLE 4 POWER OF THE FOREIGN REGULATOR IN THE HOME JURISDICTION REGARDING COOPERATION

Satisfactory information sharing and oversight agreements exist between the AMF and the Foreign Regulator. The AMF is party to a MOU with the Financial Services Authority, the predecessor to the FCA. This MOU was signed March 21, 2011 and provides a comprehensive framework for consultation, cooperation and information-sharing related to the day-to-day supervision and oversight of cross-border regulated entities.

ARTICLE 5 CONDITIONS OF COMPLIANCE

If authorization is granted, the Applicant undertakes to provide the AMF with the following information and any other information that may be required, notably but not limited to: (i) its annual financial statements; (ii) any material amendment to the laws or regulations governing its activities; (iii) any amendment to its articles of association; (iv) any change respecting its right to operate or the existence of conditions respecting the performance of activities in its home jurisdiction; and (v) notice of any situation that could have an impact on its financial viability or its ability to operate.

Furthermore, the Applicant undertakes to comply with any other applicable Québec law, including *An Act respecting the legal publicity of sole proprietorships, partnerships and legal persons* (R.S.Q., c. P-45), to maintain its recognition or authorization in its home jurisdiction and to abide by any AMF decision.

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ANNEX A

The Applicant proposes to allow Québec Participants to trade the following instruments on the Bloomberg MTF:

- i. interest rate swaps, as defined in section 1a(47) of the U.S. Commodity Exchange Act;
- ii. credit default swaps, as defined in section 1a(47) of the U.S. Commodity Exchange Act; and
- iii. foreign exchange swaps, as defined in section 1a(47) of the U.S. Commodity Exchange Act and foreign exchange derivatives, which are not defined in section 1a(47) of the U.S. Commodity Exchange Act;
- iv. government and corporate bonds and similar fixed-income instruments;
- v. SFTs;
- vi. equity swaps; and
- vii. equity options.

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ANNEX B

The Applicant is authorised by the FCA to allow trading of the instruments set forth in this Annex B.

- i. interest rate swaps;
- ii. credit default swaps;
- iii. government and corporate bonds and similar fixed-income instruments;
- iv. SFTs;
- v. ETFs;
- vi. equity swaps;
- vii. equity options;
- viii. foreign exchange derivatives (non-deliverable forwards and options);
- ix. foreign exchange forwards and swaps settled by physical delivery; and
- x. commodity derivatives

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ANNEX C

The Bloomberg MTF's trading protocols currently include: (i) an RFQ function that allows participants to send an RFQ to other participants and (ii) an RFT function that allows a participant to send an order to another participant. The Applicant has been authorised by the FCA to provide all trading protocols listed below to its participants.

- (a) RFQ Function: A participant may use the RFQ function to send a request for quote to other participants. A participant receiving a request for quote (the “**RFQ Recipient**”) can respond to the sender (the “**RFQ Requestor**”) with a quote. Responses to the RFQ will be displayed to the RFQ Requestor. If it wishes to transact, the RFQ Requestor may send an order. If the RFQ Requestor sends an order in response to a firm quote, the Bloomberg MTF will execute the trade. If the RFQ Requestor sends an order in response to an indicative quote, the RFQ Recipient may accept or reject it. If the RFQ Recipient accepts the order, the Bloomberg MTF will execute the trade.
- (b) RFT Function: A participant (“**RFT Sender**”) can use the RFT function to send an order to another participant (“**RFT Recipient**”). If the RFT Recipient accepts the order, the Bloomberg MTF will execute the trade.

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ANNEX D

This Annex D provides the definition of a “Professional Client,” as defined by the FCA in the Conduct of Business Sourcebook, Chapter 3 “Client Categorisation.”

3.5 Professional clients

3.5.1 *A professional client is a client that is either a per se professional client or an elective professional client.*

[Note: article 4(1)(11) of *MiFID*]

Per se professional clients

3.5.2 Each of the following is a *per se professional client* unless and to the extent it is an *eligible counterparty* or is given a different categorisation under this chapter:

- (1) an entity required to be authorised or regulated to operate in the financial markets. The following list includes all authorised entities carrying out the characteristic activities of the entities mentioned, whether authorised by an *EEA State* or a third country and whether or not authorised by reference to a directive:
 - (a) a *credit institution*;
 - (b) an *investment firm*;
 - (c) any other authorised or regulated financial institution;
 - (d) an insurance company;
 - (e) a collective investment scheme or the management company of such a scheme;
 - (f) a pension fund or the management company of a pension fund;
 - (g) a commodity or commodity derivatives dealer;
 - (h) a local;
 - (i) any other institutional investor;
- (2) in relation to *MiFID or equivalent third country business* a large undertaking meeting two of the following size requirements on a company basis:
 - (a) balance sheet total of EUR 20,000,000;
 - (b) net turnover of EUR 40,000,000;

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- (c) own funds of EUR 2,000,000;
- (3) in relation to business that is not *MiFID* or *equivalent third country business* a large undertaking meeting any of the following conditions:
- (a) a *body corporate* (including a *limited liability partnership*) which has (or any of whose *holding companies* or *subsidiaries* has) (or has had at any time during the previous two years) called up share capital or net assets of at least £5 million (or its equivalent in any other currency at the relevant time);
 - (b) an undertaking that meets (or any of whose *holding companies* or *subsidiaries* meets) two of the following tests:
 - (i) a balance sheet total of EUR 12,500,000;
 - (ii) a net turnover of EUR 25,000,000;
 - (iii) an average number of employees during the year of 250;
 - (c) a *partnership* or unincorporated association which has (or has had at any time during the previous two years) net assets of at least £5 million (or its equivalent in any other currency at the relevant time) and calculated in the case of a limited *partnership* without deducting loans owing to any of the *partners*;
 - (d) a trustee of a trust (other than an *occupational pension scheme*, *SSAS*, *personal pension scheme* or *stakeholder pension scheme*) which has (or has had at any time during the previous two years) assets of at least £10 million (or its equivalent in any other currency at the relevant time) calculated by aggregating the value of the cash and *designated investments* forming part of the trust's assets, but before deducting its liabilities;
 - (e) a trustee of an *occupational pension scheme* or *SSAS*, or a trustee or operator of a *personal pension scheme* or *stakeholder pension scheme* where the scheme has (or has had at any time during the previous two years):
 - (i) at least 50 members; and
 - (ii) assets under management of at least £10 million (or its equivalent in any other currency at the relevant time);
 - (f) a local authority or public authority.
- (4) a national or regional government, a public body that manages public debt, a central bank, an international or supranational institution (such as the World

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Bank, the IMF, the ECP, the EIB) or another similar international organisation;

- (5) another institutional investor whose main activity is to invest in *financial instruments* (in relation to the *firm's MiFID or equivalent third country business*) or *designated investments* (in relation to the firm's other business). This includes entities dedicated to the securitisation of assets or other financing transactions.

[Note: first paragraph of section I of annex II to MiFID]

3.5.2A In relation to MiFID or *equivalent third country business* a local authority or a public authority is not likely to be a regional government for the purposes of ■ COBS 3.5.2 R (4). In the FCA's opinion, a local authority may be a *per se professional client* for those purposes if it meets the test for large undertakings in ■ COBS 3.5.2 R (2).

Elective professional clients

3.5.3 A *firm* may treat a client as an *elective professional client* if it complies with (1) and (3) and, where applicable, (2):

- (1) the *firm* undertakes an adequate assessment of the expertise, experience and knowledge of the *client* that gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the *client* is capable of making his own investment decisions and understanding the risks involved (the "qualitative test");
- (2) in relation to *MiFID or equivalent third country business* in the course of that assessment, at least two of the following criteria are satisfied:
 - (a) the *client* has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
 - (b) the size of the *client's financial instrument* portfolio, defined as including cash deposits and *financial instruments*, exceeds EUR 500,000;
 - (c) the *client* works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged;

(the "quantitative test"); and
- (3) the following procedure is followed:

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- (a) the *client* must state in writing to the *firm* that it wishes to be treated as a *professional client* either generally or in respect of a particular service or transaction or type of transaction or product;
- (b) the *firm* must give the *client* a clear written warning of the protections and investor compensation rights the *client* may lose; and
- (c) the *client* must state in writing, in a separate document from the contract, that it is aware of the consequences of losing such protections.

[**Note:** first, second, third and fifth paragraphs of section II.1 and first paragraph of section II.2 of annex II to *MiFID*]

3.5.4 If the *client* is an entity, the qualitative test should be performed in relation to the person authorised to carry out transactions on its behalf.

[**Note:** fourth paragraph of section II.1 of annex II to *MiFID*]

3.5.5 The fitness test applied to managers and directors of entities licensed under directives in the financial field is an example of the assessment of expertise and knowledge involved in the qualitative test.

[**Note:** fourth paragraph of section II.1 of annex II to *MiFID*]

3.5.6 Before deciding to accept a request for re-categorisation as an *elective professional client* a *firm* must take all reasonable steps to ensure that the *client* requesting to be treated as an *elective professional client* satisfies the qualitative test and, where applicable, the quantitative test.

[**Note:** second paragraph of section II.2 of annex II to *MiFID*]

3.5.7 An *elective professional client* should not be presumed to possess market knowledge and experience comparable to a *per se professional client*

[**Note:** second paragraph of section II.1 of annex II to *MiFID*]

3.5.8 *Professional client* are responsible for keeping the *firm* informed about any change that could affect their current categorisation.

[**Note:** fourth paragraph of section II.2 of annex II to *MiFID*]

3.5.9 (1) If a *firm* becomes aware that a *client* no longer fulfils the initial conditions that made it eligible for categorisation as an *elective professional client*, the *firm* must take the appropriate action.

(2) Where the appropriate action involves re-categorising that client as a *retail client*, the *firm* must notify that *client* of its new categorisation.

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[**Note:** fourth paragraph of section II.2 of annex II to *MiFID* and article 28(1) of the *MiFID implementing Directive*]

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ANNEX E

BLOOMBERG TRADING FACILITY LIMITED
 3 Queen Victoria St
 London EC4N 4TQ
 United Kingdom

CANADA (QUEBEC) – MTF USER ACKNOWLEDGMENT

1. The undersigned entity ("User"), acting through its duly authorised officer, agent or representative, hereby represents and warrants, and shall be deemed to represent and warrant to Bloomberg Trading Facility Limited ("BTF") and its affiliates and any other entity involved with the multilateral trading facility operated by BTF ("BMTF"), as applicable, that each time User or any Authorised Trader (as defined in the rulebook of BMTF) of User posts a quotation, enters an order or effects a transaction over, or otherwise uses, BMTF, that User is:
 - a. either (i) appropriately registered as applicable under Quebec securities or derivatives laws, or (ii) exempt from, or not subject to, those requirements.
 - b. an "accredited counterparty" as defined under Quebec derivatives laws.
2. User agrees to notify BTF and any other entity involved with BMTF, as applicable, if: (i) its registration under Quebec securities laws has been revoked, suspended, or amended by the Quebec Autorité des marchés financiers (the "AMF"); or (ii) it is no longer exempt from, or becomes subject to, those requirements.
3. User agrees to notify BTF and any other entity involved with BMTF if it is no longer an accredited counterparty. User acknowledges and agrees that, subject to applicable laws, BTF may restrict User's access to BMTF if User is no longer appropriately registered under Quebec securities laws or exempt from those requirements or it is no longer an accredited counterparty.
4. User acknowledges and agrees that BTF and any other entity involved with BMTF, as applicable, may disclose to the AMF certain information regarding User, including, but not limited to: User's name and legal entity identifier; User's status as registered, or exempt from registration, under Quebec securities laws; and information relating to disciplinary actions instituted against, and/or investigations relating to, User taken by BTF and any other entity involved with BMTF, as applicable.
5. User acknowledges and understands that: (i) rights and remedies against BTF and its affiliates and any other entity involved with BMTF, as applicable, may only be governed by the laws of the State of New York in the United States, rather than the laws of Quebec and may be required to be pursued in the State of New York in the United States rather than in Quebec, as applicable; and (ii) the rules applicable to trading on BMTF may be governed by the laws of the State of New York in the United States or the laws of the United Kingdom, rather than the laws of Quebec, as applicable.
6. User agrees that the entity responsible for the clearing or settlement of any trades executed by User or its Authorised Trader on BMTF is duly recognized or exempted from the requirement to be recognized as a clearing house or settlement system in Quebec by the AMF.
7. User will ensure that it is acting solely for its own account when using BMTF, unless it is a dealer or investment advisor that is duly registered under Quebec derivatives law.
8. User has requested that this document, and all related documents, be expressed solely in the English language. L'utilisateur a expressément exigé que le présent contrat, ainsi que tous les documents qui s'y rattachent, soient rédigés en langue anglaise seulement.
9. User hereby agrees that, if at any time the representations and warranties stated above, are no longer true and accurate that (1) User will promptly notify BTF, for the benefit of BTF, its affiliates and any other entity involved with BMTF, that such representations or warranties are no longer true and accurate, and (2) User shall immediately stop entering orders, effecting transactions or otherwise using BMTF.
10. This user acknowledgment may be executed and delivered by facsimile, electronic mail, or other electronic means, including via a website designated by BTF by completing the procedures specified on that website. Any such facsimile, electronic mail transmission, or communication via such electronic means shall be deemed to be in writing.

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Acknowledged and confirmed:

SERVICE COMPANY NAME

Company Name (Please Type or print)

Signature (Duly authorized officer, partner or proprietor)

Name (Please type or print)

Title (Please type or print)

Date

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ANNEX F

VERIFICATION STATEMENT

The undersigned hereby authorizes Osler, Hoskin & Harcourt LLP to make and file the attached application and confirms the truth of the facts contained in it.

DATED April 26, 2019.

BLOOMBERG TRADING FACILITY LIMITED

By: “Jean-Paul Zammitt”

Name: Jean-Paul Zammitt

Title: President, Bloomberg Trading Facility Limited

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7.3.2 Publication

Aucune information