

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 Tradebook Singapore Pte Ltd - Demande de dispense de reconnaissance à titre de bourse et des obligations des Règlements 21-101, 23-101 et 23-103.

L'Autorité des marchés financiers 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 en vertu de la *Loi sur les valeurs mobilières*, RLRQ, c. V-1.1, et (ii) des obligations du *Règlement 21-101 sur le fonctionnement du marché*, RLRQ, c. V-1.1, r. 5 et du *Règlement 23-101 sur les règles de négociation*, RLRQ, c. V-1.1, r. 6 et du *Règlement 23-103 sur la négociation électronique et l'accès électronique direct aux marchés*, RLRQ, c. V-1.1, r. 7 déposée par Bloomberg Tradebook Singapore Pte Ltd.

Bloomberg Tradebook Canada Company – modification du formulaire 21-101F2.

Le marché exploité par Bloomberg Tradebook Singapore Pte Ltd. (« BTBS ») est actuellement accessible par l'intermédiaire du système de négociation parallèle (« SNP ») de BloombergTradebook Canada Company (« Bloomberg Canada »). Le formulaire décrit une modification importante proposée visant à ajouter les « titres étrangers autres que des titres de créance » à la liste des catégories d'actifs disponibles sur le marché exploité par BTBS par l'intermédiaire du SNP de Bloomberg Canada.

(Les textes sont reproduits ci-après.)

Commentaires

Toute personne désirant soumettre des commentaires est invitée à les faire parvenir par écrit, au plus tard le 25 juillet 2022 à :

Me Philippe Lebel
Secrétaire général et directeur général des affaires juridiques
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Information complémentaire

Pour de plus amples renseignements, on peut s'adresser à :

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June 13, 2022

Autorité des marchés financiers
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Montréal, Québec
Canada, H4Z 1G3

Attention: Monsieur Pascal Bancheri and Monsieur Serge Boisvert

Re: Bloomberg Tradebook Singapore Pte Ltd – Application for Exemption from Recognition as an Exchange

Dear Sirs:

Bloomberg Tradebook Singapore Pte Ltd (the “**Applicant**”) is filing this application with the *Autorité des marchés financiers* (the “**AMF**”) to obtain the following decisions (collectively, the “**Requested Relief**”):

- 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 *Derivatives Act* in relation to the operation of an organised market (an “**OM**”), as defined in the *Singapore Securities and Futures Act* (Cap. 289) (“**SFA**”), facilitating the trading of 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 *Securities Act* in relation to the operation of an OM facilitating the trading of foreign debt securities and foreign equity securities in the province;
- a decision exempting the Applicant from the requirements of *Regulation 21-101 respecting Marketplace Operation* (“**Regulation 21-101**”);
- a decision exempting the Applicant from the requirements of *Regulation 23-101 respecting Trading Rules* (“**Regulation 23-101**”); and
- a decision exempting the Applicant from the requirements of *Regulation 23-103 respecting Electronic Trading and Direct Electronic Access to Marketplaces* (“**Regulation 23-103**”).

- 2 -

BACKGROUND OF THE APPLICANT

The Applicant has obtained recognition from the Monetary Authority of Singapore (the “MAS” or “Foreign Regulator”) as a Recognised Market Operator (“RMO”).

The Applicant is the operator of an OM, known as **BTBS**, that is regulated and authorised by the MAS to allow trading of the instruments set forth in Annex B, Part 1.¹ BTBS will provide the following trade negotiation protocols that Québec Participants (as defined below) may use to negotiate, but not execute, a trade: (i) a request-for-quote (“RFQ”) function that allows a participant to send an RFQ message to one or more liquidity providers that have pre-established relationships with the requesting participant; (ii) a request-for-trade (“RFT”) function that allows a participant to send to a liquidity provider that has a pre-established relationship with the requesting participant a message requesting execution of a transaction of the terms stated in the message; and (iii) a request-for-stream (“RFS”) function that allows a participant to send an RFS message to one or more liquidity providers that has a pre-established relationship with the requesting participant. A full description of these trade negotiation protocols is attached as Annex C.

There are no functionality differences between the negotiation systems of the Applicant and the other negotiation systems operated by the Applicant’s affiliates, Bloomberg Tradebook LLC (“**Tradebook LLC**”) in the United States and Bloomberg Tradebook do Brasil Ltda. (“**Tradebook Brazil**”) in Brazil. The Applicant does, however, contractually require all participants of BTBS to abide by a rulebook (i.e., the BTBS Rulebook, as defined below), while Tradebook LLC and Tradebook Brazil do not have rulebooks.

The Applicant is authorised by the MAS to offer BTBS for all instruments listed on Annex B, Part 1. Additional products (beyond those listed in Annex B, Part 1) may be made available for trading on BTBS by the Applicant in the future, subject to obtaining required regulatory approvals.

The Applicant seeks the Requested Relief to cover trading of the financial instruments listed in Annex A (“**OM Instruments**”) on BTBS by a participant in Québec, including a participant with its headquarters address in Québec or a legal address in Québec (e.g., as indicated by a participant’s Legal Entity Identifier (LEI)) and all traders conducting transactions on its behalf, regardless of the traders’ physical location (inclusive of non-Québec branches of Québec legal entities), as well as any trader physically located in Québec who conducts transactions on behalf of any other entity (“**Québec Participant**”). The instruments listed in Annex A include derivatives as defined in the Derivatives Act.

During the period from September 13, 2021 until the Requested Relief is granted by the AMF, the Applicant provides transaction negotiation services for the instruments listed on

¹ The Applicant’s RMO recognition permits operation of BTBS in respect of securities, units in a collective investment scheme, securities-based derivative contracts and non-securities-based derivative contracts, namely credit default swaps, interest rate swaps, foreign exchange derivatives and commodity derivatives.

- 3 -

Annex A (excluding Foreign Non-Debt Securities) and for Canadian Debt Securities² (as defined below) pursuant to a marketplace conduit arrangement with its Canadian alternative trading system (“ATS”) affiliate, Bloomberg Tradebook Canada Company (“**Tradebook Canada**”), which provides access to BTBS.³ Under the arrangement, Québec Participants that are participants of Tradebook Canada may negotiate transactions in the instruments listed on Annex A (excluding Foreign Non-Debt Securities) and in Canadian Debt Securities on BTBS.

Following the date that the AMF grants the Requested Relief, the Applicant will continue to provide transaction negotiation services for Canadian Debt Securities only under the marketplace conduit arrangement with Tradebook Canada, and proposes to provide transaction negotiation services for all instruments listed on Annex A directly on BTBS.

The Applicant seeks authorisation to offer direct access to trading on BTBS to Québec Participants that satisfy the criteria specified in a Canada User Acknowledgment. The Applicant does not offer access to retail clients.

The Applicant is a private limited company incorporated under the laws of Singapore, and a wholly owned direct subsidiary of Bloomberg L.P., a Delaware limited partnership (“**BLP**”).

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

Participants may 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 Québec Participant of the Applicant that wishes to trade on BTBS must satisfy eligibility criteria that the Applicant may set from time to time, in accordance with the Applicant’s rulebook (the “**BTBS Rulebook**”) and a Canada User Acknowledgment, including as discussed in section 2.6, that the Québec Participant is appropriately registered under Québec securities and derivatives laws, exempt from registration or not subject to registration requirements.

EXEMPTION FROM SECTION 12 OF THE DERIVATIVES ACT, SECTION 169 OF THE SECURITIES ACT AND FROM REGULATIONS 21-101, 23-101 AND 23-103

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 MAS. Recognition requirements applied to BTBS are stringent and

² “Canadian Debt Securities” are any unlisted debt securities, as that term is defined in Regulation 21-101, and any debt securities denominated in Canadian dollars.

³ BTBS commenced providing negotiation services for FX on October 4, 2021.

- 4 -

take into consideration elements such as governance, fees, fair and equitable access, regulation, market operations, systems and technology, 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.

Pursuant to the AMF's *Policy Statement respecting the Authorization of Foreign-Based Exchanges*, the AMF takes the view that a marketplace must be authorized by the AMF before allowing access to its market from Québec. Additionally, pursuant to Canadian Securities Administrators ("CSA") Staff Notice 21-322 *Applicability of Regulation to the Operation of MTFs or OTFs in Canada*, if trading venues, which include regulated markets, multilateral trading facilities or organized trading facilities, offer, or intend to offer, access to Canadian participants, these platforms may be considered to be "carrying on business" in certain Canadian jurisdictions and may currently be, or will be, subject to requirements of applicable legislation that mandate recognition as an exchange or registration as an alternative trading system under Regulation 21-101. The Applicant acknowledges that providing Québec Participants with direct access to trading OM Instruments on BTBS is considered by the AMF to be "carrying on business as an exchange" in Québec, and therefore must either be recognised or exempt from recognition by the AMF.

Pursuant to CSA Staff Notice 21-328 – *Regulatory Approach to Foreign Marketplaces Trading Fixed Income Securities* ("**CSA Staff Notice 21-328**"), the CSA have developed a framework for granting exemptions from the exchange recognition requirements to foreign ATSS and foreign multilateral trading facilities ("**MTFs**") in respect of trading foreign fixed income securities. With respect to foreign MTFs, the CSA states that they will consider allowing foreign MTFs to trade foreign fixed income securities under the current exemption regime applicable to derivatives trading by foreign derivatives exchanges, swap execution facilities and MTFs, but will include additional terms and conditions where appropriate. Although OMs are not specifically referenced in CSA Staff Notice 21-328, they have self-regulatory responsibilities similar to MTFs, and are considered "exchanges" under Québec securities and derivatives law. Therefore, CSA Staff Notice 21-328 should also apply to the operation of OMs that offer access to Canadian participants.

The Applicant notes that exemptive relief in respect of trading foreign fixed income securities has been granted to the following foreign ATS applicants pursuant to the regulatory framework described in CSA Staff Notice 21-328: (i) *In the Matter of Trumid Financial, LLC* (February 24, 2021), and (ii) *In the Matter of ICE Bonds Securities Corporation* (June 19, 2020).

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

- 5 -

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, Regulation 23-101 and Regulation 23-103

The Applicant submits to the AMF that the application of Regulation 21-101, Regulation 23-101 and Regulation 23-103 regarding marketplace operation, trading rules and electronic trading to the Applicant would result in duplication of the MAS regulatory framework and hereby seeks an exemption from Regulation 21-101, Regulation 23-101 and Regulation 23-103.

CONSENT AND INFORMATION

Enclosed at Annex D is a certificate of an authorised 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 TRADEBOOK SINGAPORE PTE LTD

"Derek Kleinbauer"

Name: Derek Kleinbauer

Title: Director, Bloomberg Tradebook Singapore Pte Ltd

cc: Ramandeep K. Grewal, *Stikeman Elliott LLP*

Table of Contents

	Page
ARTICLE 1 REGULATION OF THE APPLICANT IN ITS HOME JURISDICTION	2
1.1 Regulation of the Applicant	2
1.2 Authority of the Foreign Regulator in the Home Jurisdiction.....	4
1.3 Listing Criteria for Products	6
1.4 IOSCO Principles	7
ARTICLE 2 RECOGNITION OR AUTHORIZATION PROCESS OF THE FOREIGN REGULATOR IN THE HOME JURISDICTION	7
2.1 Corporate Governance.....	7
2.2 Board and Committee Representation.....	8
2.3 Director Qualifications, Remuneration and Limitation of Liability.....	9
2.4 Conflicts of Interest.....	11
2.5 Fees and Financial Viability.....	12
2.6 Fair and Equitable Access	12
2.7 Regulation of Participants	16
2.8 Rulemaking	16
2.9 Record Keeping.....	20
2.10 Outsourcing	20
2.11 Enforcement Rules	21
2.12 Systems and Technology.....	23
2.13 Clearing and Settlement	25
ARTICLE 3 POWER OF THE APPLICANT REGARDING COOPERATION	26
ARTICLE 4 POWER OF THE FOREIGN REGULATOR IN THE HOME JURISDICTION REGARDING COOPERATION.....	26
ARTICLE 5 CONDITIONS OF COMPLIANCE	27

- 2 -

ARTICLE 1 REGULATION OF THE APPLICANT IN ITS HOME JURISDICTION

1.1 Regulation of the Applicant

BTBS is an “organised market”, as defined in the SFA and the relevant rules and regulations of the MAS as:

- (a) a place at which, or a facility (whether electronic or otherwise) by means of which, offers or invitations to exchange, sell or purchase derivatives contracts, securities or units in collective investment schemes, are regularly made on a centralised basis, being offers or invitations that are intended or may reasonably be expected to result, whether directly or indirectly, in the acceptance or making, respectively, of offers to exchange, sell or purchase derivatives contracts, securities or units in collective investment schemes (whether through that place or facility or otherwise); or
- (b) such other facility or class of facilities as the MAS may, by order, prescribe.

The MAS originally recognised the Applicant as an RMO and commenced supervising the Applicant on an ongoing, active basis in 2005. The Applicant’s current recognition from the MAS, dated August 5, 2021, permits the Applicant to:

- (a) operate an OM in respect of securities, units in a collective investment scheme, securities-based derivatives contracts (e.g., equity shares, bonds, money market instruments, securities financing transactions, exchange-traded funds, etc.) and over-the-counter derivatives contracts (e.g., credit default swaps, interest rate swaps, foreign exchange derivatives, and commodity derivatives); and
- (b) in respect of participants in Singapore, make available its OM to Professional Investors, Accredited Investors and Expert Investors, as such terms are defined within the Applicant’s RMO Recognition Letter and the SFA.

RMOs that are authorised by the MAS must comply with relevant legislation under the purview of the MAS, including the SFA and its associated regulations, relevant subsidiary legislation, and relevant notices, guidelines and circulars issued by the MAS (collectively, the “**Applicable Rules**”), particularly those in:

- (a) Part II, Division 1, Part II, Division 3 and Part II, Division 4 of the SFA setting out the general framework regulating the establishment of OMs, RMOs and the general powers of the MAS in relation to RMOs;
- (b) the *Securities and Futures (Organised Markets) Regulations 2018* setting out in greater detail the statutory requirements that RMOs must adhere to under the SFA;
- (c) Part IX, Division 3 of the SFA and under the Criminal Procedure Code, which sets out the powers of investigation and enforcement of the MAS;

- 3 -

- (d) Section 8 of the SFA, which sets out the authorization requirements for applicants wishing to operate an OM in Singapore;
- (e) the Applicant's RMO Recognition Letter and applicable regulations and notices relating to capital requirements;
- (f) Section 33 of the SFA, which requires RMOs to operate a fair OM that is characterised by non-discriminatory access to market facilities and information.

The Applicant is obligated to comply with the Applicable Rules and requirements which require trading practices that are fair, properly supervised and not contrary to the public interest. Specifically, the Applicable Rules, which the Applicant adheres to, provides:

- (a) **Fair trading practices:** Section 33(1)(e) of the SFA requires the Applicant to operate in a "fair, orderly and transparent manner".
- (b) **Properly supervised trading practices:** Under Part XII, Division 1 of the SFA, the MAS has established a comprehensive regulatory framework to ensure market integrity and prevent insider dealing and market manipulation in relation to securities, units in collective investment schemes and derivatives contracts. This framework prohibits, and authorises MAS to take enforcement action against, practices which could result in distorting the functioning of the markets, including:
 - false trading and market rigging (section 197 of the SFA);
 - bucketing (section 201A of the SFA);
 - price manipulation (section 201B of the SFA);
 - employment of fraudulent or deceptive devices (section 201 of the SFA); and
 - dissemination of information about illegal transactions (section 202 of the SFA).
- (c) **Trading practices that are not contrary to the public interest:** Pursuant to Notice CMG-N01 – Reporting of Suspicious Activities and Incidents of Fraud, the Applicant will report to the MAS any suspicious activities and incidents of fraud where such activities or incidents are material to its safety, soundness or reputation. The MAS has the power to investigate and prosecute any person for market abuse and market manipulation. A participant may be referred to a regulator in another jurisdiction with which the MAS has entered into a memorandum of understanding. Furthermore, section 33(1)(e) of the SFA requires the Applicant to operate in a "fair, orderly and transparent manner"

Chapter 3 (Negotiation of Trades) of the BTBS Rulebook addresses permitted and prohibited practices on BTBS, incorporates the Applicable Rules requirements outlined above and is designed to ensure a fair, orderly and transparent market accessible to all eligible participants,

- 4 -

which market is 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 MAS in conducting its activities for which it is authorised as set out in Section 1.1 above. The MAS has a number of competencies which empower it to supervise and, if necessary, investigate and take enforcement action in relation to the Applicant and its operation of BTBS.

The MAS performs its supervisory responsibilities and promotes compliance with the Applicable Rules by checking on the quality of corporate governance, internal controls and risk management of RMOs and RMOs' dealings with their customers and counterparties, with the aim of instilling a system of sound management practices commensurate with the RMOs' type, scale and complexity of business activities, and their related risks.

The Applicant is subject to standard, base-level monitoring. In addition to routine supervisory activities, this includes monitoring key indicators and the development of the Applicant's business, reviewing regulatory returns, questionnaires and audit reports, as well as taking any necessary follow-up actions.

The Applicant must, as soon as practicable after the occurrence of any of the following circumstances, notify MAS of:

- any material change to the information provided by the Applicant in its application for recognition as an RMO;
- the Applicant becoming aware of any financial irregularity or other matter which in its opinion may affect its ability to discharge its financial obligations, or may affect the ability of a participant of the Applicant to meet its financial obligations to the Applicant;
- any civil or criminal legal proceeding instituted against the Applicant, whether in Singapore or elsewhere, that may have a material impact on the operations or finances of the Applicant;
- any disciplinary action taken against the Applicant by any regulatory authority, whether in Singapore or elsewhere, other than by the MAS;
- any material change to the regulatory requirements imposed on the Applicant by any regulatory authority, whether in Singapore or elsewhere, other than by the MAS;
- any material disruption, material suspension or material termination of, or delay in, any trading procedure or trading practice of the Applicant (including any material disruption, suspension, termination or delay resulting from any system failure);
- the Applicant becoming aware of any acquisition or disposal by any person of a substantial shareholding in the Applicant;

- 5 -

- any compromise of the integrity or security of the transmission or storage of any user information of the Applicant; or
- any action taken or intended to be taken to restore the integrity and security of the transmission and storage of that user information.

The MAS has powers of investigation to, among other things, ensure compliance with the SFA or to investigate an alleged or suspected contravention of any provision of the SFA.

The MAS' statutory powers of investigation include:

- the power to require a person to give to the MAS all reasonable assistance in connection with an investigation and to appear before an officer of the MAS duly authorised by the MAS for examination on oath and to answer questions;
- the power to order production of books;
- officers, authorised by MAS, being able to enter premises without a warrant; or
- applying for a warrant to seize books.

Besides the MAS' statutory investigation powers, the MAS also has criminal investigation powers under the *Criminal Procedure Code* (Cap 68) ("CPC") to jointly investigate breaches of all offences under the SFA, among other legislation, together with the Singapore Police Force's Commercial Affairs Department under the Joint Investigation Arrangement.

As part of the Joint Investigation Arrangement, certain MAS officers are gazetted as Commercial Affairs Officers under the *Police Force Act* (Cap 235), and vested with criminal investigation powers under the CPC. Such powers give MAS the ability to, among other things:

- obtain documents;
- record statements from persons under investigation or persons who may have information to assist in investigations;
- arrest and conduct search and seizure of property;
- direct a financial institution not to allow any dealings in respect of property in an account or safe deposit box with the financial institution;
- access, inspect and decrypt the data contained in the computers and devices where computers and electronic devices are seized; and
- require suspects to surrender their travel documents to prevent suspects from leaving the country.

The MAS can impose a wide range of enforcement measures if the Applicant breaches the Applicable Rules. For example, the MAS may:

- 6 -

- refer a case for criminal prosecution;
- take civil penalty action;
- withdraw or suspend licence or regulatory status;
- remove persons from office;
- issue prohibition orders;
- issue compositions;
- issue reprimands; or
- issue warnings/letters of advice.

1.3 Listing Criteria for Products

As an RMO operator, the Applicant requires specific authorisation from the MAS to offer BTBS in respect of financial instruments traded on BTBS.

Under section 41 of the SFA, RMOs are required to notify the MAS before proceeding with the launch of “relevant products” (as defined in section 41(8) of the SFA). In this regard, MAS Notice SFA 02-N01 sets out the ongoing notification requirements relating to the listing, delisting or trading of relevant products on the RMOs’ OM.

The specific authorisation required under section 41 of the SFA and MAS Notice SFA 02-N01 is effected via a certification to the MAS, which assesses, among other things, whether: (a) the underlying interest of the proposed instrument has all the elements of economic utility or offers economic benefits to market participants, (b) there is a probable and significant operational risk to the RMO arising from facilitating the trading of the instrument type, (c) the way the RMO facilitates the trading of the instrument type will not impact the ability of the RMO to continue to satisfy its obligations under the SFA to maintain fair, orderly and transparent functioning of the market, and (d) the RMO has powers to take actions against errant members who engage in market misconduct activities, such as market manipulation.

MAS approval is required, and has been granted, for the Applicant to support trade negotiation of foreign exchange and interest rate derivatives. No further MAS approval is required to change, suspend, or remove such instruments, although maintenance of such instruments on BTBS requires an annual assessment and certification to MAS.

RMOs are required to notify the MAS that they have established appropriate controls and governance procedures to adequately address the key risks pertaining to relevant products, namely:

- (a) the risk of disorderly trading that may be brought about by a sharp change in prices;

- 7 -

- (b) the risk of persons acquiring significant amounts of the product which facilitates the ability of those persons to gain from market manipulation; and
- (c) the legal, operational and reputational risks surrounding the product.

As discussed above, the Applicant must submit a certification to MAS with respect to the trading of new types of over-the-counter derivative contracts on BTBS, which includes a risk assessment of such contracts. Please also see Section 2.2.1 for an overview of the Board's role on risk oversight. The certification must be re-submitted to MAS on an annual basis.

The MAS has powers under section 45 of the SFA to take action if RMOs fail to provide appropriate controls and governance procedures, including imposing higher supervisory capital, requiring an independent audit on specific processes and prohibiting the listing of new products. The MAS may issue a notice in writing under section 46 of the SFA to a RMO to prohibit trading in products if the MAS is of the opinion that it is necessary to protect persons buying or selling such financial instruments.

The Applicant is currently authorised by the MAS to offer BTBS in relation to all instruments listed on Annex B (Part 1).⁴ To the extent the Applicant wishes to make available for trading additional classes of financial instruments on BTBS, it would require prior MAS approval and expansion of the Applicant's RMO license.

As part of the Applicant's RMO authorization from the MAS, the Applicant identified to the MAS the types of instruments that it intended to make available for trade negotiation. The MAS has authorised the Applicant to provide BTBS for all types of instruments listed on Annex B, Part 1. The BTBS Rulebook designates the instruments which BTBS participants may trade. Any changes to the BTBS Rulebook must be reviewed and approved by the Applicant's Board.

The MAS's requirements for authorization of RMOs do not make reference to usual commercial customs and practices. Instead, the Applicable Rules focus on maintaining and implementing transparent and non-discriminatory rules, based on objective criteria. The BTBS Rulebook is drafted in accordance with these criteria, which aims to give participants a clear understanding of the lifecycle of a trade. It is the Applicant's experience that the terms and conditions of the instruments that trade on BTBS are generally accepted and understood by participants.

⁴ Please also see footnote 1 above.

1.4 IOSCO Principles

The Applicant adheres to the standards of IOSCO to the extent that such standards are incorporated into the Applicable Rules. The MAS is a member of IOSCO and contributes to IOSCO's policy and standard setting work through participation in the various Standing Committees and Task Forces.

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 "**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 authority to modify, suspend or overrule any powers delegated thereto.

2.2 Board and Committee Representation

2.2.1 The Boards of Directors

The Board of Directors

The Applicant's Board of Directors (the "**Board**"), which, as of the date of this application, consists of a total of five members, is responsible for oversight of BTBS. All directors are employees of BLP or a BLP affiliate and were appointed by the Applicant. The directors collectively bring together the necessary skills to effectively manage the operational and strategic vision of BTBS.

The representation on the Board of a broad range of business functions from within the Applicant's business ensures that the interests of different persons and companies using BTBS are properly considered and balanced and that feedback from various constituencies is passed on to and considered by the Board. Further, given that the Applicant is a wholly-owned subsidiary of BLP, the Board does not believe that it is necessary to include independent directors on the Board.

Board Composition and Qualifications

The Applicant's directors are Eric Chang, Derek Kleinbauer, Amelia Quek, Vee Sen Ong and Ashlesh Gosain. No director would be considered an "independent" director under the tests in National Instrument 52-110 *Audit Committees*.

The Board's Role and Risk Oversight

- 9 -

The Board provides leadership of the Applicant within a framework of prudent and effective controls. Included in its responsibilities, the Board ensures that the Applicant maintains effective control frameworks allowing it to respond to significant business, financial, compliance, and other risks to achieving its strategic objectives. The Applicant's Risk Manager is responsible for advising the Board and the Chief Executive Officer (“CEO”) on the Applicant's various risk management activities including overall risk appetite, tolerance, current risk exposures, and maintaining the Applicant's risk register. In addition, in relation to risk assessment, the Risk Manager is responsible for:

- maintaining a framework for risk identification and quantification;
- regularly reviewing the parameters used in these measures and the methodology adopted;
- proposing risk appetite and tolerances to the Board;
- quantifying risks and determining appropriate risk mitigants; and
- reporting on the Applicant's overall risk profile to inform the Board and the CEO's decision-making. The Risk Manager is responsible for the day-to-day of the Applicant's Risk Management Program.

2.2.2 Governance Arrangements

The Applicant is committed to ensuring the integrity of BTBS and the stability of the financial system, and that its business and regulatory decisions align with its public interest mandate. The rules, policies and activities of the Applicant incorporate the Applicable Rules, which are designed to ensure best practices and fulfill this public interest mandate. Also, the Applicant has adopted rules and is adopting surveillance systems which are designed to ensure that trade negotiations by participants are conducted in a manner consistent with applicable law to avoid manipulation and disorderly trading conditions. As described above, the Applicant's Board consist of highly qualified individuals whose responsibilities are to oversee the Applicant and its compliance with its rules, policies and procedures, which are designed to ensure the Applicant continues to operate in a manner that fulfills this public interest mandate.

Board Committees

The Applicant's Board may from time to time constitute and appoint committees as it may deem necessary or advisable, but has not established any committees so far. There is no regulatory requirement under Singapore law for the Board or the Applicant to establish committees.

2.3 Director Qualifications, Remuneration and Limitation of Liability

2.3.1 Director Qualifications and Fitness Standards

Suitability and Integrity Screening

- 10 -

Under section 33(1)(i) of the SFA, an RMO must ensure that it appoints or employs fit and proper persons as its chairman, chief executive officer, directors and key management officers. MAS maintains a published guide to determining whether an individual is fit and proper, the Guidelines on Fit and Proper Criteria (the Fit and Proper Guidelines).⁵ Under the Fit and Proper Guidelines, the criteria for assessing whether an individual is fit and proper include but are not limited to: (a) honesty, integrity and reputation; (b) competence and capability; and (c) financial soundness. Detailed criteria are provided under each of these three headings.

In addition, while the Fit and Proper Guidelines do not explicitly impose an independence standard on the directors, the requirements in the Fit and Proper Guidelines require a director to be competent and capable and, in assessing whether this standard is met, the relevant factors include “where the relevant person is an individual who is assuming concurrent responsibilities, whether such responsibilities would give rise to a conflict of interest or otherwise impair his ability to discharge his duties in relation to any activity regulated by MAS under the relevant legislation”. Additionally, the Fit and Proper Guidelines underpin MAS’s requirements that the directors perform their duties efficiently, honestly, fairly and act in the best interests of their stakeholders and customers.

Although the Applicant acknowledges the best practice and benefits of including independent directors among the Board’s membership, the Applicant does not believe that it is necessary to have independent directors at this time, as the Applicant is a wholly-owned subsidiary within the Bloomberg Group. In addition, MAS does not require that an RMO have any independent directors. Accordingly, all directors of the Applicant are employees of an affiliate of the Applicant.

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 OM. The Applicant’s directors have broad experience in the financial services industry and some serve or have served as officers of various affiliates of the Applicant.

There are no term limits for directors. The Applicant does not believe it should establish term limits or mandatory retirement ages for its directors as such limits may deprive the Applicant of valuable contributions and specialized skill-sets.

The inclusion of executives from a range of areas within the Bloomberg Group’s business ensure that there is a proper balance among the interests of different market participants using the services and facilities of BTBS, and that feedback and concerns from various constituencies with an interest in BTBS are adequately conveyed to and considered by the Board.

Each of the Applicant’s directors and Chief Executive Officer (CEO) serve in senior roles within the Bloomberg Group where they are regularly engaged in a wide variety of matters concerning the Applicant's different market participants. Specifically, Mr. Derek Kleinbauer

⁵ The Fit and Proper Guidelines can be found at <https://www.mas.gov.sg/regulation/guidelines/guidelines-on-fit-and-proper-criteria>.

- 11 -

(Director) serves as Global Head for Fixed Income & Equities Electronic Trading Solutions for the Bloomberg Group; Mr. Eric Chang (Director) serves as senior Sales Representative at the Applicant; Ms. Amelia Quek (Director) previously served as ASEAN Head for Fixed Income & FX Electronic Trading Sales for the Bloomberg Group and a senior Sales Representative at the Applicant, and she currently serves as Bloomberg Group's APAC Head for Pricing & Venues Content Acquisition and Business Management; Mr. Ashlesh Gosain (Director) serves as the Bloomberg Group's APAC Head of Electronic Trading; and Mr. Vee Sen Ong (Director and CEO) serves as the Bloomberg Group's Head of Electronic Trading Solutions (Listed), ASEAN.

Responsibility lies with the Applicant to satisfy itself that the relevant individual is fit to perform the role applied for. Also, see the description of Board composition and information on the Applicant's director qualifications above.

The Applicant's directors and senior management (including the CEO) are required to complete annual fit and proper declarations which are updated to the Board. The fit and proper declarations are comprised of representations relating to the personnel's honesty, integrity and reputation, financial soundness, and competence and capability.

2.3.2 Director Remuneration and Limitation of Liability

See the preceding paragraphs above for information on the Applicant's Board members' qualifications. Members of the Applicant's management team are recruited for their particular position based upon their skills and expertise. Their individual goals and performance are regularly assessed by their direct manager as part of the Applicant's performance management process.

None of the directors are remunerated for their roles on the Board.

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

2.3.3 Director Indemnification

Subject to the provisions of the Singapore *Companies Act*, pursuant to the Applicant's Articles of Association, the directors are entitled to indemnification from the Applicant for any losses incurred in the execution of their duties. The Singapore *Companies Act* places several limitations upon the ability of a company to indemnify directors. Under section 172(1) of the Singapore *Companies Act*, any provision that purports to exempt a director (to any extent) from any liability that would otherwise attach to him or her in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void. Further, under section 172(2) of the *Companies Act*, any provision by which a company directly or indirectly provides an indemnity (to any extent) for a director of the company against any liability attaching to him or her in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void, except as permitted by section 172A or 172B of the Singapore *Companies Act*. Section 172A of the Singapore *Companies Act* permits a company to purchase and maintain insurance for an officer of the company against any liability referred

- 12 -

to in section 172(2) of the Singapore *Companies Act*. Section 172B of the Singapore *Companies Act* provides that the broad prohibition on indemnities pursuant to subsection 172(2) of the Singapore *Companies Act* does not extend to liability incurred by the director to a person other than the company. However, this exemption does not apply if the indemnity is against (a) any liability of the director to pay a fine in criminal proceedings or sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising) or (b) any liability incurred by the director (i) in defending criminal proceedings in which he or she is convicted; (ii) in defending civil proceedings brought by the company or a related company in which judgment is given against him or her; or (iii) in connection with an application for certain types of relief in which a court refuses to grant relief.

2.4 Conflicts of Interest

The Board is accountable for putting a conflicts management framework in place and implementing systems, controls and procedures to identify, escalate and manage 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.

Under the MAS Guidelines on Risk Management Practices (the "**MAS Risk Management Guidelines**"), the Applicant is recommended to have adequate policies, procedures and controls to address conflict of interest situations. The Applicant takes the view that the requirements under the SFA for the Applicant to ensure its market is fair, orderly and transparent, and manage any risks associated with its operations and business prudently, require the Applicant to have a conflicts of interest policy.

Accordingly, the Applicant has established a conflict of interest policy that is contained in its Compliance Manual that contains arrangements to prevent actual or potential conflicts of interest. All directors and employees are responsible for identifying and raising conflicts of interest through the appropriate channels.

If the Applicant identifies a conflict of interest, the Applicant will take appropriate steps to either avoid or manage such conflict. If the Applicant considers that the arrangements made by it to manage conflicts are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a customer will be prevented, the Applicant may disclose in writing to Compliance and the customer the general nature and/or sources of conflicts of interest before undertaking business for the customer or upon identification of the conflicts.

2.5 Fees and Financial Viability

Section 33(1)(e) of the SFA requires the Applicant to operate BTBS in a "fair, orderly and transparent manner", including with respect to the Applicant's fee structure, any trade negotiation fees, ancillary fees and rebates. Pursuant to Regulation 25 of the *Securities and Futures (Organised Markets) Regulations 2018* ("**SF(OM)R**"), the Applicant must make available at no cost to any person upon that person's request, or publish in a manner that is

- 13 -

accessible at no cost, information on the fees and charges applicable to each product available on BTBS and each service offered by the Applicant.

The Applicant ensures that its fee structure is sufficiently granular to allow BTBS participants 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. The Applicant also publishes objective criteria for the establishment of its fees and fee structures, together with trade negotiation fees, ancillary fees, rebates, incentives and disincentives in one comprehensive rate card which is provided to participants upon request.

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 minimum regulatory capital requirements, and must submit financial reports to the MAS.

To assess its regulatory capital requirements, the Applicant identifies 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 is capitalized in excess of regulatory requirements and will maintain any future minimum capital amounts needed to meet MAS's requirements.

2.6 Fair and Equitable Access

Section 33(1)(a) of the SFA requires the Applicant, in so far as is reasonably practicable, to ensure that it operates BTBS as a fair, orderly and transparent OM, which is characterised by non-discriminatory access to market facilities and information.

Pursuant to section 33(1)(d) of the SFA, the Applicant must ensure that access for participation in its facilities is subject to criteria that are (i) fair and objective, and (ii) designed to ensure the orderly functioning of its OM and to protect the interests of the investing public. Pursuant to section 33(1)(h) of the SFA, the Applicant must maintain governance arrangements that are adequate for its OM to be operated in a fair, orderly and transparent manner.

Participant status, access to, and usage of, BTBS 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 BTBS Rulebook sets out the admission and eligibility criteria that participants must meet. Specifically, to be eligible for admission as a participant, a participant applicant must demonstrate to the satisfaction of the Applicant that it:

- (a) complies, and will ensure that its authorised traders comply, and, in each case, will continue to comply, with the BTBS Rulebook and applicable law;
- (b) has the legal capacity to negotiate trades in the instruments it selects to negotiate on BTBS;

- 14 -

- (c) has all registrations, authorizations, approvals and/or consents required by applicable law in connection with the negotiation of trades in instruments on BTBS;
- (d) has, and shall maintain a valid LEI compliant with the ISO 17442 standard and included in the Global LEI database maintained by the Central Operating Unit appointed by the LEI Regulatory Oversight Committee;
- (e) has adequate experience, knowledge and competence to negotiate trades in the instruments; and
- (f) is not a natural person, an independent software provider, a trading venue or an unregulated trading platform or system.

All order types and all order trading protocols are available to all participants. The Applicant has only one type of participant, and all of the Applicant's requirements apply to all participants equally.

Unlike with a traditional marketplace, transaction details for BTBS are not widely known beyond the counterparties for the completed transaction. Trading interests are not widely displayed as in a standard marketplace. However, such information is available to those parties involved in the transactions. All participants have access to post-trade negotiation reports for their own trades. The Applicant holds records of negotiated transactions for a period of seven years. MAS does not have pre- or post-trade transparency rules for RMOs.

Additionally, each participant has access to pricing within the user interface. Participants can access indicative pricing which shows the average market price to all participants. When participants want to negotiate a trade using RFQ, they also receive dynamic live pricing from counterparties with which they have relationships. Participants also reconcile trades that they have undertaken with the indicative pricing at the time of the trade. As a result, participants have full pricing transparency and BTBS meets the requirement noted above.

Trade reporting obligations for reporting derivatives transactions pursuant to Québec law apply to a reporting counterparty to a derivatives transaction involving a local counterparty. For purposes of compliance with Québec law, dealer counterparties that are determined to be reporting counterparties may satisfy the reporting requirements under Québec law by reporting derivatives transactions to an entity that is designated as a trade repository.

Trade reporting obligations for trades in unlisted debt securities pursuant to Québec law apply to a person or company where the trades are executed by or through that person or company. Under Regulation 21-101, such persons or companies are currently marketplaces, dealers, inter-dealer bond brokers and banks listed in Schedule I, II and III of the *Bank Act* (Canada) ("**Canadian Banks**"). For purposes of compliance with Québec law, participants that are registered dealers (and members of the Investment Industry Regulatory Organization of Canada ("**IIROC**")), inter-dealer bond brokers or Canadian Banks may satisfy the reporting requirements under Québec law by reporting trades in unlisted debt securities to IIROC (as Information Processor). Where no counterparty to a trade in unlisted debt securities is a

- 15 -

registered dealer (and IIROC dealer member) or a Canadian Bank, Tradebook Canada is responsible for reporting the trade to IIROC.

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

The Applicant's Compliance Department will review on a quarterly basis the status of Québec Participants to confirm whether such Québec Participants are registered under Québec securities laws, exempt from registration or not subject to registration requirements. As noted above, a Québec Participant is also required to (i) make an ongoing representation each time it uses BTBS that it continues to meet the criteria set forth in the Canada (Québec) User Acknowledgment, and (ii) immediately notify the Applicant if it ceases to meet any of the criteria represented by it on an ongoing basis. If a Québec Participant ceases to meet such criteria, this would constitute a breach of Rule 202 of the BTBS Rulebook and subject the Québec Participant to a warning letter, suspension or termination of services.

With respect to the regulatory status of the Applicant's participants to trade in the OM Instruments on BTBS, the Applicant expects that Québec Participants will be (i) registered under Québec securities and/or derivatives laws, (ii) exempt from registration under Québec securities and derivatives laws, or (iii) not subject to registration requirements under Québec securities and derivatives laws. The following chart outlines the regulatory status of Québec Participants and their counterparties, applicable dealer registration requirements and the principal exemptions from the dealer registration requirement under Québec securities and derivatives law that may be relied on by Québec Participants and their counterparties with respect to the classes of OM Instruments traded on BTBS.

OM Instrument	Québec Participant and Applicable Registration, Exemption or Not Required to be Registered Status	Counterparty to Québec Participant and Applicable Registration, Exemption or Not Required to be Registered Status
Swaps, as defined in section 1a(47) of the United States Commodity Exchange Act (but without regard to any exclusions from the	<ul style="list-style-type: none"> • Dealer registration under section 54 of the Derivatives Act: applicable to Québec Participants that are in the business of trading; 	<ul style="list-style-type: none"> • Dealer registration under section 54 of the Derivatives Act: applicable to Counterparties that are in the business of trading;

- 16 -

OM Instrument	Québec Participant and Applicable Registration, Exemption or Not Required to be Registered Status	Counterparty to Québec Participant and Applicable Registration, Exemption or Not Required to be Registered Status
definition): interest rate swaps, credit default swaps, foreign exchange swaps; foreign exchange derivatives (other than deposits)	<ul style="list-style-type: none"> • Exemption from dealer registration under (i) section 7 of the Derivatives Act; • Not subject to dealer registration requirements currently under section 54 of the Derivatives Act: applicable to Québec Participants that are not in the business of trading. 	<ul style="list-style-type: none"> • Exemption from dealer registration under (i) section 7 of the Derivatives Act; • Not subject to dealer registration requirements currently under section 54 of the Derivatives Act: applicable to Counterparties that are not in the business of trading.
Foreign debt securities: a debt security that is a foreign security or a debt security that is denominated in a currency other than the Canadian dollar as such terms are defined in Regulation 31-103 <i>respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> (“ Regulation 31-103 ”); foreign equity securities ⁶ : an equity security as defined in section 252.2 of the <i>Securities Regulation</i> (Québec) that is a	<ul style="list-style-type: none"> • Dealer registration under section 148 of the Securities Act: applicable to Québec Participants that are in the business of trading; • Dealer exemption under section 192 of the <i>Securities Regulation</i> (Québec): applicable to Québec Participants that are prescribed financial institutions; • Dealer exemption under section 8.21 [<i>Specified debt</i>] of Regulation 31-103: applicable to any Québec Participant trading debt securities that qualify as “specified debt” with a 	<ul style="list-style-type: none"> • Dealer registration under section 148 of the Securities Act: applicable to Counterparties that are in the business of trading; • Dealer exemption under section 8.5 [<i>Trades through or to a registered dealer</i>] of Regulation 31-103: applicable to registered or unregistered Counterparties that trade through or to a Québec Participant that is a registered dealer; • Dealer exemption under section 8.18 [<i>International dealer</i>] of Regulation 31-103: applicable to Counterparties that are

⁶ In other provinces that do not contain a definition of “equity securities” in their securities legislation, the term used is “Foreign Non-Debt Securities”.

- 17 -

OM Instrument	Québec Participant and Applicable Registration, Exemption or Not Required to be Registered Status	Counterparty to Québec Participant and Applicable Registration, Exemption or Not Required to be Registered Status
foreign security as defined in Regulation 31-103, including stock loans and convertibles; foreign exchange deposits.	Counterparty; <ul style="list-style-type: none"> • Not subject to dealer registration requirements currently under section 148 of the Securities Act: applicable to Québec Participants that are not in the business of trading. 	foreign dealer firms ⁷ ; <ul style="list-style-type: none"> • Dealer exemption under section 8.21 [<i>Specified debt</i>] of Regulation 31-103: applicable to any Counterparty trading debt securities that qualify as “specified debt” with a Québec Participant; • Not subject to dealer registration requirements currently under section 148 of the Securities Act: applicable to Counterparties that are not in the business of trading.

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.

A participant may appeal any decision taken by the Applicant to impose conditions or to suspend or terminate access of any Participant or its Authorised Trader(s) (as such terms are defined in the BTBS Rulebook), giving its reasons for appealing and any information relevant to the appeal. The Applicant has a Participant Suspension and Termination Procedure with a Panel to assess and consider an appeal, as described in Section 2.11 below.

⁷ Under section 8.18(2)(b)(ii) of Regulation 31-103, a foreign dealer firm relying on the international dealer exemption may trade with a permitted client Canadian dollar denominated Canadian debt securities that are or were originally offered primarily in a foreign jurisdiction and a prospectus has not been filed with a Canadian securities regulatory authority for the distribution with a permitted client.

2.7 Regulation of Participants

Under subsection 35(1) of the SFA, an RMO must ensure that the systems and controls concerning the assessment and management of risks in respect of every OM that the RMO operates are adequate and appropriate for the scale and nature of its operations, and is liable to a fine for failure to do so.

The Applicant's Compliance Department is responsible for ensuring that surveillance systems monitor trading for requisite asset classes (i.e., bonds and OTC derivatives) by all participants onboarded to BTBS to identify and prevent violations of BTBS rules, manipulation, price distortion, disorderly trading conditions and conduct that may involve market abuse, as required by the MAS.

The Applicant will carry out trade negotiation surveillance on Québec Participants once the Requested Relief is granted by the AMF. The Applicant has implemented a trade negotiation surveillance program (the "**Program**") to screen for market misconduct behaviours using Scila Real-Time Trade Surveillance ("**SCILA**"), a third-party trade surveillance software. This tool is currently utilised by other Bloomberg regulated entities, including Bloomberg Trading Facility Limited (U.K.), Bloomberg Trading Facility B.V. (Netherlands) and Bloomberg SEF LLC (U.S.). The Applicant's trade surveillance specialist, located in Hong Kong, is responsible for overseeing the implementation and day-to-day operation of trade surveillance in the Asia-Pacific region (including the Program), with support from other regional and global compliance teams.

Consistent with other RMOs, the Applicant will comply with any position limits or other limits established by the MAS, as applicable, if and when any such limits are communicated to the Applicant. The Applicant does not impose margin requirements, intra-day margin calls, daily trading limits, price limits, or position limits as BTBS is a trade negotiation platform which only brings together the parties interested in making a trade. As the Applicant is not involved in the settlement portion of the trade, it is the responsibility of each participant to institute and comply with its own margin requirements or limits.

All participants are required to implement their own pre- and post-trade controls consistent with their regulatory requirements. As the pre- and post-trade controls which may apply to participants depend on such participants' fact-specific regulatory requirements and will vary from jurisdiction to jurisdiction (if applicable), the Applicant cannot describe such controls which may be applied by participants outside of the BTBS trade negotiation platform to ensure such participants' compliance with their specific regulatory requirements.

As required by the SFA, the BTBS Rulebook sets out transparent and non-discretionary rules and procedures for fair and orderly trade negotiation by participants. Participants are required to comply with a significant number of rules that govern the negotiation of trades on BTBS. The applicable rules are primarily located in Chapter 3 (Negotiation of Trades) of the BTBS Rulebook which is provided to each participant upon onboarding to BTBS.

The Applicant is dedicated to safeguarding the integrity of BTBS, and has policies and procedures that are designed to ensure that BTBS is free from manipulation and other abusive

- 19 -

practices. These efforts are a necessary component of efficiently working markets, and the Applicant is committed to ensuring that participants are able to use BTBS with the knowledge that it remains open and transparent.

The Applicant's Compliance Department operates an electronic market surveillance system, which is designed to identify potential disorderly market conditions and the risk of market abuse in bonds and OTC derivatives, and has gone live in 2021 Q3. The trade surveillance system is capable of detecting potential market abuse scenarios and violations of the BTBS Rulebook. The automated trade surveillance system has the capability to detect and flag specific trade negotiation patterns and trade negotiation 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 negotiation and order-related data.

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 negotiation of trade 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 the Applicant becomes aware of in the course of participant's activities on BTBS, this will be reported to the Suspicious Transaction Reporting Office of Singapore, which investigates and reports money laundering, terrorist financing and related offenses to the relevant law enforcement and investigative services, and to other relevant regulators as required by applicable regulation (including the MAS).

The Applicant has a range of tools for enforcing participants' compliance with the BTBS Rulebook. These tools include issuing written warning letters, temporarily suspending access, imposing conditions on access or terminating a participant's ability to access BTBS.

If the trade surveillance specialist identifies a breach of BTBS rules or behavior or an issue that presents an immediate threat to market integrity or orderliness, it will (i) notify the Applicant's Compliance Officer as soon as practicable and (ii) conduct an investigation into the alleged behavior or issue. If the Compliance Officer 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 Compliance Officer may issue a *written warning letter*. No further action is required if the breach is remedied and no further breaches are committed. Otherwise, the Compliance Officer will issue a *final written warning*. If the breach is still not remedied, the Compliance Officer may impose conditions on a participants' or authorised trader's access to BTBS, temporarily suspend the participant involved, pending further investigation and notification of the relevant product manager, or permanently terminate a

- 20 -

participant's or an authorised trader's access to BTBS where the act or omission is deemed to be a serious breach of the BTBS Rulebook or regulatory obligation. Participants may appeal a decision in writing within seven business days of receiving notice of any of the aforementioned actions. In such cases an appeals panel (the Rule 208 Panel) is convened.

If the Compliance Officer determines that the breach is significant and poses an immediate threat to the stability or integrity of BTBS, the Compliance Officer may temporarily suspend the participant involved, pending further investigation, or permanently terminate a participant's or an authorised trader's access to BTBS where the act or omission is deemed to be a serious breach of the BTBS Rulebook or regulatory obligation. Participants may appeal a decision in writing within seven business days of receiving notice of any of the aforementioned actions. In such cases an appeals panel (the Rule 208 Panel) is convened.

The Applicant has not issued any warning letters, final warnings or suspensions pursuant to the BTBS Rulebook in the 12 month period preceding September 13, 2021. The BTBS Rulebook under which such letters, final warnings or suspensions would be issued under did not "go-live" until September 13, 2021, coinciding with the launch date of BTBS.

Pursuant to Notice CMG-N01 – Reporting of Suspicious Activities and Incidents of Fraud, the Applicant will report to the MAS any suspicious activities and incidents of fraud where such activities or incidents are material to its safety, soundness or reputation. The MAS has the power to investigate and impose unlimited fines for market abuse, and to prosecute for market manipulation. A participant may be referred to a regulator in another jurisdiction with which the MAS has entered into a memorandum of understanding.

2.8 Rulemaking

The Applicant's rules are covered in Chapters 1-4 of the BTBS Rulebook, which include: Chapter 2 (Participants), Chapter 3 (Negotiation of Trades), Chapter 4 (Miscellaneous) and the BTBS Market Annexes. In particular, the participant eligibility criteria in Rule 202 (Eligibility) of the BTBS Rulebook and ongoing participant obligations in Rule 203 (Continuing Obligations of Participants)⁸ of the BTBS Rulebook are transparent, objective and set reasonable minimum standards applicable to all BTBS participants. The Applicant believes that its rules and policies that govern the activities of participants are consistent with its regulatory obligations, including MAS rules and are consistent with all applicable standards of compliance with competition law.

The BTBS Rulebook is subject to the standards and requirements outlined by the Applicable Rules. At a high level, the BTBS Rulebook seeks to ensure fair and orderly markets accessible to all eligible participants that meet the criteria listed in Chapter 2 of the BTBS Rulebook and a Canada (Québec) User Acknowledgment. This aim is accomplished by establishing rules that

⁸ Each participant of BTBS must at all times: (i) continue to comply with BTBS' eligibility criteria (see the description at section 2.6); (ii) accept responsibility for all actions taken by it and its Authorised Traders; (iii) have appropriate internal systems and controls to ensure that it negotiates trades in an orderly manner, and to ensure ongoing compliance with, and prevent breaches of, applicable law and the BTBS Rulebook; and (iv) ensure that its use of any service provider complies with the BTBS Rulebook.

- 21 -

reflect the Applicable Rules, criteria that are not contrary to the public interest, and are designed to:

- (a) **ensure compliance with applicable legislation.** Chapter 2 (Participants) of the BTBS 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 BTBS Rulebook and applicable law. The Applicant is obligated to comply with MAS rules, and must implement rules that require compliance with MAS rules by its participants. The Applicant will proactively monitor 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.
- (b) **prevent fraudulent and manipulative acts and practices.** Chapter 3 (Negotiation of Trades) of the BTBS Rulebook specifically prescribes trading practices and trading conduct requirements, including prohibited trading activities, and prohibits fraudulent and misleading activity. 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 BTBS are available to all participants on a non-discriminatory basis. Throughout the BTBS Rulebook, the Applicant has established transparent and objective standards for access to and trading on BTBS to foster competitive and open market participation. The Applicant believes that compliance with the BTBS 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 406 (BTSPL Compliance with Applicable Law; Cooperation with Regulatory Authorities) of the BTBS Rulebook authorizes the Applicant to provide full assistance and information to the MAS, 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 BTBS. Each participant is also required by Rule 406 to provide full assistance, information or documents to the MAS 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 BTBS.

Rule 407 (Confidentiality) also authorizes the Applicant to provide any material non-public information provided by a participant or an authorised trader to (i) a regulatory authority if the Applicant is requested or legal required to do so by the regulatory authority, and (ii) to other participant(s) to facilitate a participant's trade negotiation on BTBS.

- 22 -

- (e) **promote a framework for disciplinary and enforcement actions.** Under Chapter 2 (Rules 207 and 208) of the BTBS Rulebook, the Applicant may take action against a participant or its authorised trader(s) in circumstances including, but not limited to, where the participant or its authorised trader(s): (a) materially breaches any rule of the BTBS Rulebook, applicable law or BTBS participant agreement; (b) commits any action set forth in 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 Rule 303 (Prohibited Practices). Under Rule 304 (Market Risk Controls), the Applicant may also suspend, postpone or extend all trading on BTBS, or in respect to one or more instruments on BTBS, where the Applicant reasonably considers it is necessary to (i) maintain the stability or integrity of BTBS, (ii) ensure orderly negotiations, (iii) avoid violation of applicable law, (iv) and/or as otherwise required by applicable law or a regulatory authority or court of competent jurisdiction.
- (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 negotiation on BTBS during emergency situations via a "kill switch." The Compliance Department also has the ability to suspend negotiation 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

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

With respect to trade negotiations in connection with an over-the-counter derivative conducted through the Applicant, the Applicant maintains a record that includes, but is not limited to, the underlying asset, settlement currency, notional amount, and trade negotiation date.

The Applicant complies with applicable regulatory record retention requirements. Under the Applicable Rules, the MAS requires the Applicant to keep records for a period of five years after the date of the expiry or termination of a contract, an agreement or a transaction to which the book or information relates.

- 23 -

The Applicant collects data related to its regulated activity on a daily basis. The Applicant maintains an “audit trail” for every RFQ, RFT or RFS sent and response to the RFQ, RFT or RFS on BTBS. Audit trail information for each transaction includes the RFQ/RFT/RFS instructions, entry time, modification time, price, quantity, account identifier and parties to the transaction, as well as the firm number connected with an RFQ/RFT/RFS and the date and time when an RFQ/RFT/RFS 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 BTBS rules by its participants.

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, secondment of staff and other support.

Under the Applicable 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 MAS 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 that provides for internal audit review as assurances to the Board. The Applicant’s CEO is responsible for coordinating with BLP’s Internal Audit Liaison Officer and for reporting results and status of internal audits to the Board. KPMG LLP is Bloomberg’s internal audit co-source service provider.

2.11 Enforcement Rules

An OM is required under the Applicable Rules to set rules, conduct compliance reviews, monitor participants’ trading activity and take enforcement action against participants when appropriate.

The Applicant may prevent a person from becoming a BTBS participant, if in the Applicant’s sole discretion, the person does not satisfy the eligibility criteria listed in Section 2.6 or if the

- 24 -

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 BTBS 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 BTBS for any of the circumstances, violations or events listed in Rule 208(a).

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

If the Applicant's Compliance Officer 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 Compliance Officer may issue a written warning letter. No further action is required if the breach is remedied and no further breaches are committed. Otherwise, the Compliance Officer will issue a final written warning. If the breach is still not remedied or if the Compliance Officer determines that the breach is significant and/or poses an immediate threat to the stability or integrity of BTBS, then the Compliance Officer may take the following actions:

- impose conditions on a participant's or authorised trader's access to BTBS;
- temporarily suspend a participant's or an authorised trader's access to BTBS;
 - this suspension is imposed where there is deemed to be an immediate threat to the orderliness or integrity of BTBS. A temporary suspension will be put into place until an investigation has been completed. A temporary suspension may be extended for a defined duration upon conclusion of an investigation;
- permanently terminate a participant's or an authorised trader's access to BTBS where the act or omission is deemed to be a serious breach of the BTBS Rulebook or regulatory obligation.

A participant may appeal any decision taken by the Compliance Officer to impose conditions or to suspend or terminate access of any participant or its authorised trader(s), giving its reasons for appealing and any information relevant to the appeal. Any appeal must be made in writing (providing sufficient particulars of the basis for the appeal) and submitted to a panel comprised of appropriately experienced senior members of the Applicant's Compliance Department and product teams to discuss further actions (**Rule 208 Panel**) within seven business days of receiving notice from the Compliance Officer of a decision made by the Compliance Officer. The Rule 208 Panel shall consider the decision of the Compliance Officer which is the subject of the appeal, and shall notify the participant of its decision within 15 business days of reaching a decision. If the decision of the Compliance Officer is upheld by the Rule 208 Panel, then no further action will be taken. If the decision of the Compliance Officer is overruled, the Rule

- 25 -

208 Panel may eliminate conditions imposed on access, lift a suspension and/or reinstate the access of a participant or its authorised trader to BTBS. The decision of the Rule 208 Panel shall be final, and may not be appealed to the MAS. The participant will be notified of the Rule 208 Panel's decision in writing.

If a participant's access is terminated, the Applicant will comply with its regulatory obligations and supply data and information to the MAS when required, and will assist the MAS in any investigation conducted regarding trade negotiation on BTBS.

Pursuant to Notice CMG-N01 – Reporting of Suspicious Activities and Incidents of Fraud, the Applicant will report to the MAS any suspicious activities and incidents of fraud where such activities or incidents are material to its safety, soundness or reputation. The MAS has the power to investigate and impose unlimited fines for market abuse, and to prosecute for market manipulation. A participant may be referred to a regulator in another jurisdiction with which the MAS has entered into a memorandum of understanding. The MAS 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 MAS when required, and will also assist the MAS in any investigation conducted regarding trading on BTBS.

The Applicant has instituted procedures and controls to collect information, examine participants' records, supervise trade negotiation on BTBS, 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 BTBS 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 BTBS and legislative requirements.

2.12 Systems and Technology

BTBS has appropriate internal controls (that cover all of the critical functions listed above) designed to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and a business continuity plan to enable BTBS 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 BTBS to protect the critical data and system components of BTBS (the "**Systems**"), including (i) denial of service protection, (ii) firewalls, (iii) configured routers, (iv) demilitarized zones ("**DMZs**")⁹ and network segmentation; (v) intrusion detection procedures; (vi) event logging and log analysis; and (vii) virus protection.

⁹ 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.

- 26 -

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 BTBS to calculate reasonable current and future capacity estimates.

The Applicant supervises and conducts periodic stress testing of the System 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 (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;

- 27 -

- (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 relevant policies and procedures.

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 of its operations, subject to extenuating or unforeseen circumstances. The Applicant maintains sufficient resources to enable it to resume its operations following an unscheduled downtime (e.g., caused by an Incident, as defined in the Applicant's Incident Management and Response Policy and Procedure) within the Recovery Time Objective ("RTO") as defined by relevant regulatory requirements. 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 Applicable 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 relevant recordkeeping and retention requirements.

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 negotiation rejection capability; and (vii) trade negotiation cancellation capability.

The Applicant may at any time suspend, postpone or extend trade negotiations on BTBS 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 BTBS; (ii) to ensure orderly trade negotiation; (iii) to avoid violation of applicable law; and/or (iv) as otherwise required by applicable law or pursuant to an order or request of a regulatory authority or court of competent jurisdiction.

A decision to suspend, extend or postpone a trade negotiation session on BTBS is a joint decision to be agreed among key stakeholders including the Board and management members of the Applicant. An adjustment of the trade negotiation session could arise due to a significant event impacting market volatility.

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 acts as a counterparty or takes title to, or provides execution, clearing, settlement or custodial facilities to participants for, any OM Instruments negotiated on BTBS. BTBS participants must comply with any clearing obligation that applies to them under applicable law, including the laws of the province of Québec.

- 28 -

Participants are solely responsible for ensuring the prompt exchange and processing of confirmations directly with their counterparties in accordance with market practice. With respect to settlement, participants are solely responsible for the post-trade settlement of all transactions that are negotiated on BTBS bilaterally. With respect to clearing, if participants are required by applicable regulation or choose to clear a transaction, they are solely responsible for making the necessary arrangements under the BTBS Rulebook.

The Applicant facilitates, at the direction of its participants, submission of their negotiated trade details to a clearing house designated by a participant. When sending an RFQ on BTBS, participants are able to select the clearing house that they would like their trades to be submitted to for clearing.

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.

The Applicant facilitates, at the direction of its participants, submission of their negotiated trade details to a clearing house designated by a participant, in accordance with the policies and procedures of such clearing houses.

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.

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 406 (BTSPL Compliance with Applicable Law; Cooperation with Regulatory Authorities) of the BTBS Rulebook authorizes the Applicant to provide full assistance and information to the MAS, 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 BTBS. Each participant is also required by Rule 406 to provide full assistance, information or documents to the MAS 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 BTBS. Please see the discussion under the heading "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" at Section 2.8.

- 29 -

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 the following memoranda of understanding with the MAS:

- (a) The Memorandum of Understanding Concerning Consultation, Cooperation and the Exchange of Information Related to the Supervision of Managers of Alternative Investment Funds (the “**AIFM MOU**”). The AIFM MOU came into effect on July 22, 2013, and provides for mutual assistance in the supervision and oversight of managers of alternative investment funds operating on a cross border basis.
- (b) The IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (the “**IOSCO MMOU**”). The IOSCO MMOU came into effect on December 5, 2002, and establishes an international benchmark for cooperation and information sharing for the purpose of regulatory enforcement of securities and derivatives markets.

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.

* * *

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

Yours very truly,

BLOOMBERG TRADEBOOK SINGAPORE PTE LTD

(signed) Derek Kleinbauer

- 30 -

Name: Derek Kleinbauer

Title: Director

cc: Ramandeep K. Grewal, Stikeman Elliott LLP

- 1 -

ANNEX A

The Applicant seeks the Requested Relief to allow Québec Participants to trade the following instruments on BTBS:

- i. **“Foreign Debt Securities,”**¹ which are defined as any debt security which are defined as any debt security (as defined in Regulation 31-103 *respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“**Regulation 31-103**”) that is a foreign security (as defined in Regulation 31-103) or a debt security that is denominated in a currency other than the Canadian dollar, including:
 - a. debt securities issued by the U.S. government (including agencies or instrumentalities thereof);
 - b. debt securities issued by a foreign government;
 - c. debt securities issued by corporate or other non-governmental issuers (U.S. and foreign); and
 - d. asset-backed securities (including mortgage backed securities), denominated in either U.S. or foreign currencies;
- ii. interest rate swaps, as defined in section 1a(47) of the U.S. *Commodity Exchange Act* (“**IRS**”);
- iii. credit default swaps, as defined in section 1a(47) of the U.S. *Commodity Exchange Act* (“**CDS**”)²;
- iv. foreign exchange swaps, as defined in section 1a(47) of the U.S. *Commodity Exchange Act* (but without regard to any exclusions from the definition), including precious metals swaps, foreign exchange spot and deposits (collectively, “**FX**”);
- v. **“Foreign Non-Debt Securities”** which are defined as any foreign security as defined in Regulation 31-103 that is not a debt security as defined in Regulation 31-103, including:
 - a. securities of foreign exchange-traded funds, which refers to a fund in continuous distribution that is incorporated, formed or created under the laws of a foreign jurisdiction; and
 - b. stock loans, which refer to securities lending arrangements in which securities are temporarily transferred from one party (the lender) to another party (the borrower) in return for a fee. Under the lending arrangement, the borrower is obliged to redeliver to the lender the securities or identical securities to those that were transferred or lent, either on demand or at the end of the loan term.

¹ For greater certainty, “Foreign Debt Securities” includes convertible debt securities and the following money market instruments (U.S. and foreign): commercial paper, agency discount notes, government treasury bills, certificates of deposit, bankers acceptances, promissory notes and bearer deposit notes.

² “CDS” includes single-name (credit default) swaps.

- 2 -

ANNEX B**Part 1**

The Applicant supports the following instruments under its RMO license:

- i. equity shares
- ii. bonds, including sovereign bonds, credit bonds, and exchange-traded commodities and exchange-traded notes bond types;
- iii. money market instruments;
- iv. securities financing transactions (including repurchase transactions, buy-sell and sell-buy back transactions);
- v. exchange-traded funds;
- vi. interest rate swaps;
- vii. credit default swaps;
- viii. OTC equity, index and exchange-traded funds options;
- ix. listed equity, index and exchange-traded funds options;
- x. foreign exchange derivatives (non-deliverable forwards; non-deliverable swaps; average rate forwards; options);
- xi. deliverable foreign exchange derivatives (deliverable forwards and deliverable swaps);
- xii. deposits, trade finance and foreign exchange spot; and
- xiii. precious metals swaps.

Part 2

The Applicant may determine to support the following instruments under an expanded RMO license in the future, subject to MAS approval:

- i. futures.

- 3 -

ANNEX C

BTBS's trade negotiation protocols currently include the following. The Applicant has been authorised by the MAS to provide all trade negotiation protocols listed below to its participants.

- (a) **RFQ Function**: A participant (a "**RFQ Requestor**") can send an RFQ message to one or more liquidity providers (each, a "**RFQ Respondent**") that have pre-established relationships with the RFQ Requestor. If a RFQ Respondent wishes to respond, it will provide a quote to the RFQ Requestor. The response messages from the RFQ Respondents to the RFQ Requestor will appear on a screen viewable only by the RFQ Requestor; the RFQ Respondents will not know the identity of the other RFQ Respondents. The RFQ Requestor can click on a bid or offer from a RFQ Respondent to send an acceptance message.
- (b) **RFT Function**: A participant can send to a liquidity provider that has a pre-established relationship with the participant a message requesting execution of a transaction on the terms stated in the message. This negotiation method is not available for all instruments traded on BTBS.
- (c) **RFS Function**: A participant (a "**RFS Requestor**") can send an RFS message to one or more liquidity providers (a "**RFS Respondent**") that has a pre-established relationship with the RFS Requestor. A RFS Respondent can respond with streaming bids and offers if it wishes. The RFS Requestor can click on a response to the RFS and send a message requesting execution of a transaction on the terms stated in the message, which includes the price from the streaming quote, to the RFS Respondent. The RFS Respondent can accept or reject the RFS Requestor's message. This negotiation method is not available for all instruments traded on BTBS.

- 4 -

ANNEX D

VERIFICATION STATEMENT

The undersigned hereby authorises Stikeman Elliott LLP to make and file the attached application and confirms the truth of the facts contained in it.

DATED June 13, 2022.

BLOOMBERG TRADEBOOK SINGAPORE PTE LTD

By: *“Derek Kleinbauer”*

Name: Derek Kleinbauer

Title: Director, Bloomberg Tradebook Singapore Pte Ltd

7.3.2 Publication

DÉCISION N° 2022-SMV-0010

**Objet : Eurex Clearing AG
Demande de dispense**

Vu la demande complétée par Eurex Clearing AG (« Eurex ») et déposée auprès de l'Autorité des marchés financiers (l'« Autorité ») le 14 juin 2021 (la « demande ») afin d'obtenir une dispense en vertu de l'article 86 de la *Loi sur les instruments dérivés*, RLRQ, c. I-14.01 (la « LID ») de l'obligation de reconnaissance à titre de chambre de compensation prévue à l'article 12 de la LID et en vertu de l'article 263 de la *Loi sur les valeurs mobilières*, RLRQ, c. V-1.1 (la « LVM ») de l'obligation de reconnaissance à titre de chambre de compensation prévue à l'article 169 de la LVM (la « dispense demandée »);

Vu les faits et les arguments soumis par Eurex au soutien de la demande, notamment :

1. Eurex est une société anonyme à responsabilité limitée de droit allemand qui est une filiale à part entière d'Eurex Frankfurt AG et une filiale à propriété exclusive indirecte de Deutsche Börse AG, une société publique inscrite à la Bourse de Francfort (*Frankfurt Stock Exchange*);
2. Eurex a obtenu l'autorisation d'agir à titre de contrepartie centrale en vertu du *Règlement (UE) n° 648/2012 du Parlement européen et du Conseil du 4 juillet 2012 sur les produits dérivés de gré à gré, les contreparties centrales et les référentiels centraux* (« EMIR ») le 10 avril 2014;
3. Eurex est réglementée par l'Autorité fédérale de supervision financière (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (« BaFin ») et la Banque fédérale d'Allemagne (*Deutsche Bundesbank*) (la « Bundesbank »);
4. Eurex est d'avis qu'elle respecte pleinement les normes internationales applicables aux infrastructures de marchés financiers décrites dans le rapport d'avril 2012 publié par le Comité sur les paiements et les infrastructures de marché de l'Organisation internationale des commissions de valeurs intitulé « Principes pour les infrastructures de marchés financiers » (« PIMF »), après avoir préparé une évaluation détaillée de sa conformité aux PIMF et au cadre d'information associé en février 2015, laquelle a été examinée et validée par KPMG en tant qu'auditeur externe indépendant. Eurex a subséquentement effectué périodiquement une évaluation détaillée à jour de sa conformité aux PIMF, la plus récente ayant été complétée en février 2021;
5. Eurex est tenue de remettre à la Bundesbank des déclarations mensuelles démontrant sa liquidité et l'adéquation de ses fonds propres. La Bundesbank transmet ces déclarations à BaFin, accompagnées de ses commentaires. De plus, Eurex fournit son rapport annuel audité et des rapports ponctuels sur des changements organisationnels spécifiques (par exemple, nouveaux membres de son conseil d'administration, départ de membres du conseil d'administration, création de filiales et ouverture de succursales). La Bundesbank examine les états financiers annuels d'Eurex et les rapports des auditeurs, et procède à une classification annuelle des risques, y compris une évaluation de l'adéquation du capital et des procédures de gestion de risques. La Bundesbank partage ses conclusions avec BaFin. En outre, BaFin peut ordonner des audits sur place, qui sont également effectués avec des membres de la Bundesbank;
6. Eurex est inscrite aux États-Unis à titre de *derivatives clearing organization* (« DCO ») auprès de la *Commodity Futures Trading Commission* des États-Unis (la « CFTC ») et est donc soumise et en conformité avec les principes fondamentaux de la CFTC à l'égard des DCO;
7. Eurex agit à titre de contrepartie centrale pour toutes les opérations conclues sur Eurex Deutschland qui est exploité par Eurex Frankfurt AG. Eurex agit également à titre de contrepartie

centrale pour Eurex Repo GmbH et la Bourse de Francfort, y compris son carnet d'ordres Xetra®. De plus, Eurex propose des services de compensation pour les opérations de gré à gré suivantes : swaps de taux d'intérêt, swaps d'inflation, opérations de change et swaps de devises. Les produits compensés par Eurex comprennent les dérivés, les actions, les obligations, les swaps et les pensions sur titres;

8. Eurex offre actuellement des services aux catégories de membres (les « membres compensateurs ») suivants, qu'elle entend offrir aux résidents du Québec :

a) Membre compensateur général (« MCG »)

Un MCG est un membre compensateur qui peut compenser des transactions pour compte propre et pour compte client pour tout type d'instruments énumérés au paragraphe 10 (les « instruments »);

b) Membre compensateur direct (« MCD »)

Un MCD est un membre compensateur limité dans ses activités de compensation auprès d'Eurex. Le degré de restriction dépend de l'instrument que le MCD compense. Pour les dérivés de gré à gré, un MCD ne peut compenser que des transactions pour compte propre. Pour tous les autres instruments, un MCD peut compenser des transactions pour compte propre et pour compte client, à l'exception du fait qu'un MCD peut uniquement compenser des transactions pour les participants de marché client direct (« participant de marché CD ») et les participants de marché client indirect (tels que définis au sous-paragraphe 12 a)), si le MCD et le participant de marché CD ou le participant de marché client indirect sont du même groupe;

c) Membre compensateur *Futures Commission Merchant* (« FCM ») (« membre compensateur FCM »)

Un membre compensateur FCM est un membre compensateur qui compense des transactions selon le modèle LSOC d'Eurex (tel que défini au sous-paragraphe 13 c));

d) Membre compensateur de base (« MCB »)

Un MCB est un membre compensateur qui participe à la compensation dans le cadre du modèle de compensation MCB d'Eurex, avec l'aide d'un agent de compensation (tel que défini au sous-paragraphe 13 d));

9. Lorsqu'une entité demande à être MCG, MCD, MCB ou membre compensateur FCM, elle demandera simultanément une licence de compensation pour chaque instrument qu'elle serait susceptible de compenser. Il existe des exigences spécifiques pour chaque licence. Les MCB peuvent uniquement demander des licences pour les transactions conclues sur Eurex Repo GmbH et pour les transactions de dérivés de taux d'intérêt de gré à gré. Les membres compensateurs FCM peuvent uniquement compenser les swaps tels que définis au paragraphe 1a(48) de la Commodity Exchange Act (la « CEA ») et au Règlement 1.3 de la CFTC (Chapitre I des règlements FCM d'Eurex) (les « règlements FCM »);

10. Eurex offre actuellement des licences de compensation pour les catégories d'instruments suivantes, qu'elle entend offrir aux résidents du Québec :

- Opérations conclues sur Eurex Deutschland (Chapitre II des Conditions de compensation d'Eurex (« conditions de compensation »));
- Opérations conclues sur Eurex Repo GmbH (Chapitre IV des Conditions de compensation);
- Opérations conclues à la Bourse de Francfort-sur-Main (anciennement *Frankfurter Wertpapierbörse*) (Chapitre V des Conditions de compensation);

- Opérations sur dérivés de taux d'intérêt de gré à gré (Chapitre VIII, Partie 2 des Conditions de compensation);
 - Opérations sur devises étrangères de gré à gré, y compris les transactions de change, les transactions de swap de devises étrangères et les transactions à terme sur devises étrangères (Chapitre VIII, Partie 3 des Conditions de compensation);
 - Opérations sur devises croisées de gré à gré (swap de devises) (Chapitre VIII, Partie 4 des Conditions de compensation);
 - Opérations qualifiées comme swaps, tels que définis au paragraphe 1a(48) de la CEA et au Règlement 1.3 de la CFTC (Chapitre I des règlements FCM);
11. Eurex offre actuellement la licence de compensation additionnelle suivante pour le marché de pension sur titres, qu'elle entend offrir aux résidents du Québec :

- Licence spécifique de pension sur titres

Une licence spécifique de pension sur titres permet à un participant d'effectuer des transactions sur le marché des prises en pension sur Eurex Repo GmbH. Le titulaire d'une licence spécifique de pension sur titres (en cette qualité, un « participant spécifique de pension ») est accepté par Eurex en tant que participant direct, sans être tenu de verser une marge à Eurex ou de contribuer à son fonds de compensation. Les participants spécifiques de pensions sont, dans la plupart des cas, considérés comme des membres compensateurs en vertu des conditions de compensation.

12. Eurex offre actuellement des services aux catégories de clients suivants, qu'elle entend offrir aux participants québécois :

- a) Client direct déclaré (« CDD »)

Un CDD est un client direct d'un MCG ou d'un MCD qui est déclaré à Eurex. Un CDD ne conclut aucun accord de compensation avec Eurex. La seule relation contractuelle entre Eurex et un CDD serait une connexion ou un accord similaire qui accorderait au CDD un accès technique aux systèmes d'Eurex. Les conditions de compensation ne régissent pas la relation juridique entre un CDD et son membre compensateur. Un membre compensateur peut accorder à ses CDD l'accès aux rapports qu'Eurex fournit spécifiquement pour chaque CDD;

Il existe trois sous-catégories de CDD :

- Un participant de marché CD est un CDD qui est un participant à la négociation sur une ou plusieurs bourses auxquelles Eurex fournit des services de compensation (un « participant à la négociation ») et qui effectue la gestion post-négociation en ce qui concerne ses transactions;
- Un « client direct avec accès aux systèmes » est un CDD qui a accès aux systèmes d'Eurex et qui peut effectuer la gestion post-négociation de ses transactions. Contrairement à un participant de marché CD, un client direct avec accès aux systèmes n'est pas un participant à la négociation;
- Un « client direct de base » (« CD de base ») est un CDD qui n'effectue pas de gestion post-négociation de ses transactions. Un CD de base n'est pas un participant à la négociation et n'a ni accès aux systèmes d'Eurex ni la capacité d'effectuer une gestion post-négociation comme un CD avec accès aux systèmes;

- b) Client non déclaré et participant de marché client indirect

Un « client non déclaré » est un client direct ou indirect d'un MCG ou d'un MCD qui n'est pas déclaré à Eurex;

Un « participant de marché client indirect » est un client indirect d'un MCG ou d'un MCD qui est déclaré à Eurex;

c) Client FCM

Un « client FCM » est un client direct d'un membre compensateur FCM en vertu du modèle de compensation LSOC (tel que discuté au sous-paragraphe 13 d)). Un client FCM est déclaré à Eurex;

13. Eurex offre actuellement les modèles de compensation suivants, qu'elle entend rendre disponibles pour les membres compensateurs résidents du Québec et pour leurs clients (sous réserve des exceptions indiquées aux sous-paragraphe 13 a) et 13 b) qui ne sont pas conformes à certaines exigences du *Règlement 94-102 sur la compensation des dérivés et la protection des sûretés et des positions des clients*, RLRQ c. I-14.01, r. 1.1 (le « Règlement 94-102 ») et par conséquent, ne seront pas offerts aux clients locaux au sens de ce règlement (les « clients locaux »), à moins qu'Eurex ait obtenu une dispense de ces exigences;

a) Le modèle de compensation élémentaire (« MCE »)

Le MCE est un modèle de ségrégation collective des clients au sens de l'article 39, paragraphe 2 d'EMIR. Le MCE prévoit la ségrégation des positions et des actifs d'un membre compensateur de ceux liés aux clients. Au sein du MCE, Eurex fait la distinction entre : (i) la « ségrégation collective nette des clients », où la marge est déposée par le membre compensateur auprès d'Eurex sur une base nette parmi les transactions relatives à plusieurs clients directs du membre compensateur, et (ii) la « ségrégation collective brute des clients », où la marge est déposée par le membre compensateur auprès d'Eurex sur une base brute pour toutes les transactions relatives à un client direct particulier;

Les clients locaux du Québec peuvent seulement compenser des dérivés de gré à gré en utilisant l'offre de « ségrégation collective brute des clients » (« GOSA »). Dans le cadre de l'offre GOSA, il n'y a ni mutualisation des pertes ni mutualisation des risques entre les positions clients directs enregistrés dans différents comptes de marge qui sont des comptes de transaction pour lesquels l'exigence de garantie de marge est calculée et appelée sur une base brute;

Eurex n'intégrera, pour les dérivés de gré à gré, ni client indirect d'un client direct de GOSA résidant au Canada ni client indirect résidant au Canada d'un client direct jusqu'à ce qu'il ait obtenu une dispense requise de toute disposition applicable du Règlement 94-102 ou qu'une telle offre soit par ailleurs conforme à la législation canadienne applicable sur les dérivés;

b) Le modèle de compte distinct individuel (« modèle ISA »)

Le modèle ISA est un modèle de ségrégation individuelle par client au sens de l'article 39 du paragraphe 3 d'EMIR. Le modèle ISA prévoit la ségrégation des positions et des actifs d'un membre compensateur, ainsi que la ségrégation des positions et des actifs de chaque client du membre compensateur. Eurex détermine les exigences de marge sur une base brute.

Eurex n'intégrera, pour les dérivés de gré à gré, ni client indirect d'un client direct ISA résident canadien ni client indirect résidant canadien d'un client direct, jusqu'à ce qu'il ait obtenu toute dispense requise de toute disposition applicable du Règlement 94-102;

c) Le modèle de compensation *Legally Separated Operationally Commingled* (« modèle de compensation LSOC »)

Le modèle de compensation LSOC est un cadre de compensation client conforme à la Partie 22 des règlements de la CFTC. Le modèle de compensation LOSC doit être utilisé par les membres compensateurs qui sont inscrits en tant que FCM auprès de la CFTC et qui compensent des swaps pour des personnes américaines (*U.S. Persons*), tel que cette expression est définie dans les règlements et directives applicables de la CFTC. De plus, les membres compensateurs FCM peuvent utiliser le modèle de compensation LSOC pour les clients non américains;

d) Le modèle de compensation MCB (« modèle de compensation MCB »)

Le modèle de compensation MCB, également appelé modèle direct ISA, est un modèle d'accès direct sponsorisé. Il permet aux clients acheteurs, tels que les fonds d'investissement, les fonds de pension, les sociétés d'assurance et de réassurance, de devenir des MCB et d'accéder directement à Eurex. Les MCB ont une relation de compensation complète avec Eurex et leurs transactions sont établies directement entre le MCB et Eurex. L'accès au MCB d'Eurex est facilité par un agent de compensation. Les MCB peuvent seulement conclure des transactions pour compte propre dans le cadre du modèle de compensation MCB;

14. Aux fins de la déclaration de la valeur et du volume requis en vertu des sous-paragraphes 7.5 i) et 7.5 ii) des conditions de la présente décision, et sous réserve de tous changements dans la déclaration pouvant résulter de changements réglementaires, opérationnels ou autres qui la concerne, Eurex peut utiliser les classes d'actifs suivantes, en fournissant des chiffres distincts pour les contrats à terme et les options, le cas échéant :

- Contrats à terme/options sur indices boursiers;
- Contrats à terme/options sur taux d'intérêt;
- Contrats à terme/options sur actions;
- Fonds négociés en bourse et contrats à terme/options sur fonds négociés en bourse;
- Contrats à terme/options sur indice de volatilité;
- Contrats à terme/options sur dividendes;
- Contrats à terme/options sur matières premières;
- Contrats à terme/options sur biens immobiliers;
- Contrats à terme/options sur devises étrangères;
- Dérivés de gré à gré (y compris les transactions de dérivés de taux d'intérêt, les transactions sur devises étrangères, les transactions et les swaps de devises);

15. Aux fins de déclaration de la marge requise en vertu des sous-paragraphes 7.5 iii) et 7.5 iv) des conditions de la présente décision, Eurex déclarera celle-ci au niveau du groupe de liquidation. Eurex a introduit le concept de groupes de liquidation et calcule le risque à ce niveau. Les produits compensés qui ont des caractéristiques de risques similaires sont regroupés dans un même groupe de liquidation. Cela permet un calcul plus global du risque de portefeuille et permet aussi le calcul de marges croisées entre groupes de liquidation. Eurex a actuellement les onze groupes de liquidation suivants, sujets à changement :

- Groupe de liquidation des dérivés sur indices boursiers cotés;
- Groupe de liquidation des titres à revenu fixe cotés;
- Groupe de liquidation de coopération asiatique KOSPI/TAIFEX;
- Groupe de liquidation des dérivés indicels sur matières premières;
- Groupe de liquidation des dérivés sur métaux précieux;
- Groupe de liquidation des dérivés de change;
- Groupe de liquidation des obligations d'entreprise;
- Groupe de liquidation des dérivés sur fonds négociés en bourse à revenu fixe;
- Groupe de liquidation des contrats à terme sur dividendes MSCI;
- Groupe de liquidation d'indice de titres éligibles pour des sûretés;
- Groupe de liquidation de l'indice d'écart de base relatif à des titres liés;

Le groupe de liquidation des titres à revenu fixe cotés inclut toutes les transactions de dérivés de taux d'intérêt de gré à gré;

16. Eurex prévoit que les banques, les régimes de retraite, les gestionnaires d'actifs et les assureurs exerçant des activités au Québec pourraient être intéressés par les services d'Eurex énumérés aux paragraphes 8, 11 et 12. Les participants bancaires potentiels pourraient être intéressés à devenir MCG ou MCD. Les régimes de retraite, les gestionnaires d'actif et les assureurs, parmi d'autres institutions, pourraient être intéressés à devenir des MCB ou obtenir une licence spécifique de pension sur titres. Il est possible qu'il y ait d'autres intérêts qui n'aient pas été anticipés;
17. Pour devenir membre compensateur, un candidat doit disposer de ressources financières et d'une capacité opérationnelle suffisantes pour remplir les obligations découlant de sa participation à Eurex, et conclure un accord de compensation avec Eurex. Les conditions d'admission sont énoncées dans les conditions de compensation et les règlements FCM, disponibles sur le site Web d'Eurex. Les conditions de participation d'Eurex sont non discriminatoires et objectives, afin d'assurer un accès équitable et ouvert. Les conditions d'admission ne restreignent pas l'accès pour des motifs autres que le risque (par exemple, des fonds propres insuffisants, le respect des exigences techniques et la vérification de la validité juridique et de l'applicabilité des conditions de compensation et des règlements FCM);
18. Le modèle de risque d'Eurex (« Prisma ») est utilisé pour tous les dérivés négociés en bourse et tous les produits de gré à gré. Prisma est basé sur une vue d'ensemble du portefeuille de chaque membre, prenant en compte les effets de couverture et de corrélation croisée en déterminant l'exigence de marge au niveau du portefeuille, plutôt qu'une vue produit par produit. Les éléments du modèle sont sélectionnés pour garantir la capacité de résister aux chocs et aux changements sur les marchés financiers, ainsi qu'à s'adapter avec souplesse aux changements de l'environnement de risque. Prisma comprend à la fois une composante de marge rétrospective et une composante de marge prospective. La composante rétrospective comprend les intérêts sur l'alignement des prix, la marge de variation et la marge initiale. La composante prospective englobe le risque de liquidité, le risque de marché basé sur une simulation historique filtrée, le risque de marché basé sur des scénarios de tension et un module d'erreur de modèle. Une méthode de marge distincte basée sur le risque est utilisée pour les actions, les obligations et l'activité de prêt de titre; cependant, Eurex prévoit la migration de ces produits vers Prisma;
19. Le fonds de défaillance d'Eurex sert de garantie pour la viabilité de la contrepartie centrale contre les défaillances des membres compensateurs. Chaque membre compensateur doit contribuer au fonds de défaillance. Il se compose d'espèces et de titres déposés par les membres compensateurs. Il est utilisé pour garantir le risque de contrepartie en cas de défaillance d'un membre compensateur lorsque les sûretés et les contributions au fonds de défaillance du membre défaillant ne suffisent pas à couvrir toutes les pertes d'Eurex. Le fonds de défaillance est séparé en segments de fonds de défaillance (« SFD »), chaque groupe de liquidation étant affecté à un SFD particulier. La taille de chaque SFD dépend de l'exposition des membres compensateurs actifs dans le groupe de liquidation par rapport à l'exposition globale de tous les membres compensateurs;
20. Eurex fournirait ses services aux participants québécois sans établir de bureau ni avoir de présence physique au Québec ou ailleurs au Canada;
21. Eurex soutient qu'elle ne pose pas de risque important pour les marchés financiers du Québec et qu'elle est assujettie à un cadre réglementaire et de surveillance approprié dans un territoire étranger;

Vu la publication de la demande pour commentaires au Bulletin de l'Autorité du 31 mars 2022 [(2022) B.A.M.F. Vol. 19, n° 12, section 7.3] pour une période de 30 jours;

Vu l'absence de commentaires à la suite de cette publication;

Vu le dépôt par Eurex de l'information et des documents requis des chambres de compensation en vertu du chapitre 2 du *Règlement 24-102 sur les obligations relatives aux chambres de compensation*, RLRQ, c. V-1.1, r. 8.01;

Vu l'article 86 de la LID et l'article 169 de la LVM;

Vu l'acceptation par Eurex des conditions énoncées dans la présente décision;

Vu les pouvoirs délégués conformément à l'article 24 de la *Loi sur l'encadrement du secteur financier*, RLRQ, c. E-6.1;

Vu l'analyse faite par la Direction de l'encadrement des activités de compensation et la recommandation de la Direction principale de l'encadrement des activités de marché et des dérivés d'accorder la dispense demandée aux conditions prévues à la présente décision du fait qu'elle ne porte pas atteinte à l'intérêt public ni à la protection des épargnants;

En conséquence, l'Autorité accorde la dispense demandée aux conditions suivantes.

DÉFINITIONS

« compensation client » : la capacité pour un membre compensateur de compenser à travers Eurex des transactions pour et au nom d'un client.

« membre compensateur du Québec » : un membre compensateur qui exerce son activité au Québec et qui utilise les services de compensation autorisés, tels que décrits ci-dessous.

« participant québécois de pension sur titres » : une personne qui exerce son activité au Québec et qui est détentrice d'une licence spécifique de pension sur titres, et qui utilise les services de compensation autorisés.

« résident du Québec » : une personne dont la résidence, le siège, l'activité ou l'établissement principal se trouve au Québec ou qui est constituée en vertu des lois du Québec.

1. Conformité aux lois du Québec

Eurex se conforme à la LVM et à la LID ainsi qu'à leurs règlements respectifs applicables.

2. Étendue des services de compensation autorisés au Québec

L'offre des services de compensation d'Eurex au Québec est limitée aux membres compensateurs du Québec pour les produits énoncés au paragraphe 10 des faits soumis ci-dessus (les « services de compensation autorisés »). Cela comprend les services de compensation offerts par les membres compensateurs pour et au nom des résidents du Québec.

3. Supervision et conformité avec les obligations réglementaires d'Eurex

Eurex conserve son statut de contrepartie centrale autorisée en vertu d'EMIR et continue d'être soumise à la surveillance réglementaire de BaFin et de la Bundesbank ou de tout successeur, ainsi qu'à la surveillance réglementaire de la CFTC ou de tout successeur tant qu'Eurex sera inscrite à titre de DCO auprès de la CFTC ou de tout successeur.

Eurex continue de se conformer à ses obligations réglementaires en tant que contrepartie centrale en vertu d'EMIR, à celles prévues par BaFin ainsi qu'à celles prévues dans les règlements de la CFTC ou tout successeur tant qu'Eurex sera inscrite à titre de DCO auprès de la CFTC ou de tout successeur.

4. Gouvernance

Eurex favorise une structure de gouvernance qui minimise le risque de conflit d'intérêts entre Eurex et ses actionnaires, lequel pourrait nuire à ses services de compensation autorisés ou à l'efficacité de ses politiques, contrôles et normes de gestion des risques.

5. Information transmise à BaFin

Eurex transmet rapidement à l'Autorité les renseignements suivants, dans la mesure où elle est tenue de fournir ou soumettre ces informations à BaFin ou à son successeur :

- 5.1 les détails de toute action en justice importante intentée à l'encontre d'Eurex;
- 5.2 une notification indiquant qu'Eurex a omis de se conformer à une obligation non contestée de payer une somme ou de transmettre des biens à un membre compensateur du Québec pendant une période de 30 jours suivant la réception de l'avis du membre compensateur du Québec relativement à l'obligation non réglée;
- 5.3 une notification indiquant qu'Eurex a présenté une requête de mise en faillite ou de déclaration d'insolvabilité ou de toute autre mesure semblable, ou qu'Eurex procède à sa liquidation, ou qu'une telle requête a été présentée à son endroit;
- 5.4 le lancement du plan de redressement d'Eurex;
- 5.5 la nomination d'un séquestre ou tout arrangement volontaire avec les créanciers;
- 5.6 l'entrée d'Eurex dans tout régime de résolution ou le placement en résolution d'Eurex par une autorité de résolution;
- 5.7 des modifications importantes à ses statuts et règles de fonctionnement lorsque de telles modifications auraient une incidence sur les services de compensation autorisés utilisés par les contreparties québécoises (que ce soit à titre de membre compensateur du Québec ou autrement);
- 5.8 des nouveaux services ou la compensation de nouveaux types de produits dans les services de compensation autorisés qui seront aussi offerts aux membres compensateurs du Québec ou les services ou types de produits qui ne seront également plus offerts aux membres compensateurs du Québec;
- 5.9 toute nouvelle catégorie d'adhésion aux services de compensation autorisés si Eurex s'attend à ce que cette catégorie d'adhésion soit offerte aux membres compensateurs du Québec.

6. Notification dans les meilleurs délais

Eurex signale rapidement à l'Autorité les éléments suivants :

- 6.1 tout changement important apporté à ses activités ou à ses opérations;
- 6.2 tout changement important ou projet de changement important dans sa qualité de contrepartie centrale en vertu d'EMIR ou dans sa supervision réglementaire par BaFin ou tout successeur ou dans sa supervision réglementaire par la CFTC ou tout successeur;
- 6.3 tout problème important concernant la compensation et le règlement des opérations qui pourrait porter atteinte à sa sécurité et à son efficacité;

- 6.4 l'adhésion de tout nouveau membre compensateur du Québec ou l'octroi d'une licence spécifique de pension sur titres à un résident du Québec;
- 6.5 toute défaillance ou le retrait des services de compensation autorisés d'un membre compensateur du Québec ou d'un participant québécois de pension sur titres;
- 6.6 toute panne importante d'un service de compensation autorisé utilisé par un membre compensateur du Québec ou un participant québécois de pension sur titres, y compris les atteintes à la cybersécurité.

7. Rapports trimestriels

Eurex tient à jour l'information suivante et la transmet à l'Autorité d'une manière et dans une forme acceptable, dans les 30 jours de la fin du trimestre, et dans les meilleurs délais lorsque l'Autorité en fait la demande :

- 7.1 la liste à jour de tous les membres compensateurs du Québec, participants québécois de pension sur titres, CDD, clients FCM ou participants de marché client indirect (collectivement les « participants québécois ») et leur identifiant d'entité juridique (« LEI ») respectif, le cas échéant;
- 7.2 la liste de tous les participants québécois à l'égard desquels des mesures disciplinaires ou judiciaires ont été prises par Eurex au cours du trimestre concernant leurs activités avec Eurex ou à l'égard desquels, à la connaissance d'Eurex, des mesures ont été prises par BaFin ou toute autre autorité en Europe ou aux États-Unis qui a ou pourrait avoir compétence sur les activités de compensation de ces participants;
- 7.3 une liste de toutes les enquêtes menées par Eurex au cours du trimestre relativement aux participants québécois;
- 7.4 une liste de tous les résidents du Québec ayant déposé une demande et auxquels Eurex a refusé le statut de membre compensateur, CDD, client FCM ou participant de marché client indirect ou des licences spécifiques de pension sur titres au cours du trimestre;
- 7.5 des données quantitatives sur les services de compensation autorisés utilisés par les participants québécois pour les opérations dans les classes d'actifs dont il est question au paragraphe 14 des faits, classées par catégorie de client et membre, notamment ce qui suit :
 - i) à la fin du trimestre, le niveau, le maximum et la moyenne des positions ouvertes quotidiennes, le nombre d'opérations et la valeur nominale des opérations compensées (par devise) au cours du trimestre pour chaque participant québécois;
 - ii) le pourcentage que représente le niveau des positions ouvertes en fin de trimestre et des positions quotidiennes moyennes, le nombre d'opérations et le montant notionnel compensés au cours du trimestre par les membres compensateurs du Québec sur le niveau des positions ouvertes en fin de trimestre et des positions quotidiennes moyennes, le nombre d'opérations et le montant notionnel compensés au cours du trimestre pour chaque participant québécois;
 - iii) le montant total global de la marge exigée par Eurex à la clôture du dernier jour de bourse du trimestre pour chaque participant québécois;
 - iv) la proportion de la marge totale exigée par Eurex à la clôture du dernier jour de bourse du trimestre pour tous les membres compensateurs qui représente la marge totale exigée au cours du trimestre pour chaque participant québécois;

- 7.6 des données quantitatives sur les services de compensation autorisés utilisés par les participants québécois pour les transactions au comptant et de pension sur titres, y compris notamment les suivants :
- i) à la fin du trimestre, la valeur nominale des transactions au comptant et de pension sur titres pour chaque participant québécois;
 - ii) le cas échéant, le montant total de la marge totale en dépôt chez Eurex à la clôture du dernier jour de bourse du trimestre pour chaque participant québécois;
 - iii) le cas échéant, la partie de la marge totale en dépôt chez Eurex à la clôture du dernier jour de bourse du trimestre pour tous les membres compensateurs qui représente la marge totale requise au cours du trimestre pour chaque participant québécois;
- 7.7 la contribution au fonds de défaillance, pour chaque membre compensateur du Québec à la clôture du dernier jour de bourse du trimestre, et sa proportion du total des contributions au fonds de défaillance;
- 7.8 un résumé de l'analyse de la gestion des risques sur l'adéquation des marges exigées et du fonds de gestion de la défaillance, y compris, mais sans se limiter aux résultats des tests de simulations de crise (*stress testing*) et des contrôles *a posteriori* (*back testing*);
- 7.9 s'il est connu d'Eurex, pour chaque membre compensateur (identifié par son LEI) offrant des services de compensation à un résident du Québec (autre qu'un DDC, qu'un client FCM ou qu'un participant de marché client indirect) : (i) l'identité du résident du Québec (y compris le LEI le cas échéant), (ii) la valeur et le volume compensés par classe d'actif ou type de transaction pendant le trimestre au nom de chaque résident du Québec et en indiquant la catégorie de clients correspondante, et (iii) le montant total de la marge totale en dépôt chez Eurex, à la clôture du dernier jour de bourse du trimestre, pour chaque résident du Québec, et indiquant la catégorie de clients correspondante;
- 7.10 une copie de toutes les circulaires publiées au cours du trimestre qui décrivent et montrent les modifications apportées aux conditions de compensation ou aux règlements FCM au cours du trimestre.

8. Désignation d'un mandataire aux fins de signification

Eurex nommera un fondé de pouvoir aux fins de signification au Québec. Eurex avisera l'Autorité par écrit et sans délai de tout changement de ce fondé de pouvoir.

9. Échange d'information

Eurex fournit sans délai les renseignements demandés de temps à autre par l'Autorité et coopère par ailleurs avec l'Autorité, sous réserve de la législation applicable régissant l'échange d'information et la protection des renseignements personnels.

À moins que la législation applicable ne l'interdise, Eurex échange toute information relative aux questions réglementaires et à leur application et collabore, le cas échéant, sur ces sujets avec les autres chambres de compensation reconnues et dispensées.

10. Révision de la décision

L'Autorité peut revoir la présente décision à tout moment, notamment si un changement se produit dans les activités de compensation d'Eurex au Québec ou si de nouveaux membres compensateurs du Québec viennent à y adhérer.

Fait le 20 juin 2022.

Hugo Lacroix
Surintendant des marchés de valeurs