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To Whom It May Concern,

**ViewFin Canada** is a one-of-a-kind alliance of independent Fintech consulting firms that extends our network and expertise for blockchain solutions globally. We've also partnered with **TulipEx**, a digital assets management platform that will be launching within the next few weeks. Together, we would like to present our comments related to the: **Consultation Paper 21-402 Proposed Framework for Crypto-Asset Trading Platforms**.

We were able to respond to questions: 1, 2, 3, 8, 11 and 15.

**1. Are there factors in addition to those noted above that we should consider?**

We should consider further compliance factors. Most algorithms are setup with risk criteria. We'd say it's imperative for fintech firms to have solid compliance standards clearly outlined in the manual, prior to entering the market.

**2. What best practices exist for Platforms to mitigate these risks? Are there any other substantial risks which we have not identified?**

The compliance manual should have a list of indicators of suspicious activity, a flowchart on what to do step by step can help mitigate the risk. This should be periodically updated as the industry is rapidly evolving.

**3. Are there any global approaches to regulating Platforms that would be appropriate to be considered in Canada?**

A Know Your Customer (KYC) process that is consistent with global standards, evaluating the risks of platforms that operate in higher risk jurisdictions. There are many jurisdictions to learn from, countries in Asia are currently wrestling with these issues as well.

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**8. Are there reliable pricing sources that could be used by Platforms to determine a fair price, and for regulators to assess whether Platforms have complied with fair pricing requirements? What factors should be used to determine whether a pricing source is reliable?**

Pricing Sources will depend on the Crypto currency being traded. The MVIS CryptoCompare Bitcoin Index(MVBTC) maintained by MV Index Solutions GmbH(MVIS). MVIS is a index provider based in Frankfurt Germany and is regulated as an Index administrator by the German financial regulator (BaFin).

MVIS complies with EU benchmark regulations in relation to pricing and conforms with International Organization of Securities organization. We believe reliable pricing for Crypto Currencies is in early days and that over time with regulation, more index providers will start tracking them bringing more legitimacy.

In addition to MVIS, the Chicago Mercantile Exchange (CME) has started to publish CME CF Bitcoin Reference Rate as well as the Ethereum Reference Rate and Real-Time Index. CME Group has developed standardized cryptocurrency references rates and real-time indices with the methodology and rules publishes transparently online:  
(<https://www.cmegroup.com/education/bitcoin/cme-cf-cryptocurrency-reference-rate-methodology.html#4-methodology-and-rules>)

**11. Are there best practices or effective surveillance tools for conducting crypto asset market surveillance? Specifically, are there any skills, tools or special regulatory powers needed to effectively conduct surveillance of crypto asset trading?**

We believe similar to the Canadian markets that a system of Broker or Client ID's be implemented for Crypto Exchanges. This can help mitigate price manipulation and wash trading that can be common in Crypto. Participants on the exchange should be able to see Time & Sales data of executions as well as level 2 data. Designated Market Makers should have their own unique broker code so that market participants can identify that a trade executed with a registered market maker.



**15: Are there particular conflicts of interest that Platforms may not be able to manage appropriately given current business models? If so, how can business models be changed to manage such conflicts appropriately?**

We believe disclosure is the best way to handle conflicts of interest. TMX and CSE publish Exchange rules online for their clients so that they know how their orders are handled and are bound by Best Execution requirements from the regulator. Crypto Exchanges/Platform's should be governed the same way.

Furthermore TSX openly discloses their policy regarding Market Making (<https://www.tsx.com/trading/toronto-stock-exchange/order-types-and-features/market-maker-program>). It shows the responsibilities of the market maker in relation to Minimum Guaranteed Fill (MGF) Facility and clearly defines their role in the marketplace. The illiquidity of the Crypto Market requires the added liquidity that regulated market makers can provide.

TSX continuously monitors the performance of all Market Makers with respect to their ability to contribute to the overall market in terms of creating liquidity, depth and continuity. Market Makers are assessed on their ability to call a 2-sided market (i.e. spread maintenance), their efforts to line the book with reasonable depth (i.e. liquidity), and their overall participation in trading of the security. We believe first that disclosure should be made to clients and that relationships be disclosed.

Apart from market making, Payment For Order Flow is a concern. Similar to SEC rule 606 in the U.S. Brokers are required by the Securities and Exchange Commission (SEC) to disclose its policies with respect to payment for order flow. According to the SEC, payment for order flow may include monetary payment, reciprocal agreements, services, property, or any other benefit that results in remuneration, compensation, or consideration to a broker-dealer in return for routing of customer order flow and includes exchange rebates and credits

By adopting these proposals to publish exchange rules, regulate exchange market making activity and disclosing Payment for Order Flow compensation, we believe that Crypto platforms regulated in Canada will have an unrivaled regulatory environment to prosper in.

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We would like to sincerely thank you for the opportunity to provide our comments. Please do not hesitate to contact us with any questions or concerns you may have.

Thank you.

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