



May 13, 2019

Delivered Via Email

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of
Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission
(New Brunswick)

Superintendent of Securities, Department of
Justice and Public Safety, Prince Edward
Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and
Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Delivered to

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Dear Sirs/Mesdames,

RE: Joint CSA/IIROC Consultation Paper 21-402 Proposed Framework for Crypto-Asset Trading Platforms

We are writing in response to CSA Consultation Paper 21-402. We appreciate the opportunity to comment on this topic. Our comments are limited to a discussion of why we believe IIROC should oversee crypto-asset platforms. We feel those directly involved in crypto asset platforms are best to speak to the consultation questions.

Investors view crypto-assets as an investment. The Bank of Canada Staff Analytical Note – Bitcoin Awareness and Usage in Canada: An Update¹ noted that 58% of individuals surveyed viewed Bitcoin as an investment. Investors have approached our advisors asking if we can trade cryptocurrencies for them. It is reasonable for investors to expect crypto-assets to be regulated or sold by investment dealers.

We support the CSA & IIROC's efforts to regulate crypto-asset platforms because the markets for crypto-assets in Canada are effectively not regulated. Investors can be easily confused because the securities markets are regulated but crypto assets are not. Investors can incorrectly believe their assets are protected by CIPF or CDIC. Investors may also believe their assets are held in a secure fashion, when there is currently no such requirement. This creates an environment where investor confidence and protection can deteriorate.

The approach taken by the CSA and IIROC is the best approach for investor protection. IIROC Dealer Member rules include custody rules that ensure assets are held in a secure location or appropriate insurance or capital is retained. The CSA and IIROCs approach will ensure crypto assets are held in a safe manner.

The one comment we have regarding the consultation questions is that it would be best for custody requirements and internal control reporting requirements to remain as is. Crypto-asset custodians are now able to obtain assurance over their internal controls² which will help align current custody rules with the realities of crypto-assets. Ensuring client assets are secure is the most important aspect of regulating crypto assets.

If you have any questions or further inquiry, please feel free to contact us.

Sincerely,
Jason Jardine, CPA, CA
Manager, Regulatory & New Initiatives
Leede Jones Gable Inc.

¹ <https://www.bankofcanada.ca/wp-content/uploads/2018/07/san2018-23.pdf> - page 18

² See <https://www.coindesk.com/crypto-custodian-bitgo-one-ups-gemini-with-advanced-security-exam>