

## 7.3

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

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

### 7.3.1 Consultation

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

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

(Le texte est reproduit ci-après.)

#### Commentaires

Toute personne désirant soumettre des commentaires est invitée à les faire parvenir par écrit, au plus tard le 3 mars 2022 à :

Me Philippe Lebel  
Secrétaire général et directeur général des affaires juridiques  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
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#### Information complémentaire

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

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### 7.3.2 Publication

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 Gebouw Byzantium  
 Stadhouderskade 14G  
 1054 ES Amsterdam

February 1, 2022

Autorité des marchés financiers  
 800 Square Victoria, 22<sup>nd</sup> Floor  
 C.P. 246, Tour de la Bourse  
 Montréal, Québec  
 Canada, H4Z 1G3

Attention: Monsieur Pascal Bancheri and Monsieur Serge Boisvert

**Re: Bloomberg Trading Facility B.V. – Application for Exemption from Recognition as an Exchange**

Dear Sirs:

Bloomberg Trading Facility B.V. (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 Act in relation to the operation of a multilateral trading facility (“**MTF**”) 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 Act in relation to the operation of an MTF facilitating the trading of fixed income securities (excluding fixed income securities issued by Canadian issuers) in the province;
- a decision exempting the Applicant from *Regulation 21-101 respecting Marketplace Operation* (“**Regulation 21-101**”);
- a decision exempting the Applicant from *Regulation 23-101 respecting Trading Rules* (“**Regulation 23-101**”); and
- a decision exempting the Applicant from *Regulation 23-103 respecting Electronic Trading and Direct Electronic Access to Marketplaces* (“**Regulation 23-103**”).

The Applicant is permitted to operate its MTF in Ontario under a full exemption order of the Ontario Securities Commission (“**OSC**”) dated June 28, 2021 exempting the Applicant

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from the requirement to be recognised as an exchange under subsection 21(1) of the *Securities Act* (Ontario) in relation to its operation of an MTF in the province of Ontario.

## BACKGROUND OF THE APPLICANT

The Applicant is the operator of an MTF, known as BTFE, that is regulated and authorised by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) (the “**AFM**” or “**Foreign Regulator**”) to allow trading of the instruments set forth in Annex B.

Pursuant to the Requested Relief, BTFE will provide the following trading protocols to participants 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 Participants**”): (i) a request for quote (“**RFQ**”) function that allows participants to send an RFQ to other participants; and (ii) a request for trade (“**RFT**”) function that allows a participant to send an order to another participant. A full description of these trading protocols is attached as Annex C.

These trading protocols can be used by participants to trade financial instruments in a way that results in a contract. Following execution of a trade, the Applicant provides each participant or its agent that is involved in a trade with a written record of the trade (a “**Confirmation**”). Such Confirmation is conclusive evidence of the counterparties’ entry into a valid, legally binding contract. Currently, participants may use BTFE’s RFQ and RFT trading protocols to execute transactions.

The Applicant is authorised by the AFM to offer BTFE for execution of transactions in all instruments listed on Annex B. Additional products may be made available for trading on BTFE 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 (“**MTF Instruments**”) on BTFE by Québec Participants. The instruments listed in Annex A include derivatives as defined in the Derivatives Act.

The Applicant will also provide transaction execution services for debt securities issued by (i) an issuer incorporated, formed or created under the laws of Canada or a jurisdiction of Canada, or (ii) the Government of Canada or the government of a jurisdiction of Canada (“**Canadian Debt Securities**”), including:

- (a) debt securities issued or guaranteed by the Government of Canada or the government of a jurisdiction of Canada (including agencies or instrumentalities thereof);
- (b) debt securities issued or guaranteed by a municipal corporation in Canada;

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- (c) debt securities issued or guaranteed by Canadian corporate or other non-governmental issuers; and
- (d) asset-backed securities (including mortgage backed securities) and collateralized mortgage obligations issued or guaranteed by a Canadian issuer, denominated in the Canadian dollar.

The Applicant will provide transaction execution services for Canadian Debt Securities pursuant to a marketplace conduit arrangement with its Canadian alternative trading system (“ATS”) affiliate, Bloomberg Tradebook Canada Company (“**Tradebook Canada**”), which will provide access to BTFE. Under the arrangement, Québec Participants that are participants of Tradebook Canada may execute transactions in Canadian Debt Securities on BTFE.

Tradebook Canada submitted a Form 21-101F2 *Information Statement Alternative Trading System* with the AMF and obtained approval to carry on business as an ATS in Québec in July 2021.

The Applicant seeks authorisation to offer direct access to trading on BTFE to Québec Participants that satisfy criteria for a “professional investor,” as defined in article 1:1 of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*, “Wft”) (“**Professional Investor**”) and the criteria specified in a Canada User Acknowledgment. The Wft definition of a Professional Investor is set forth in Annex D. The Applicant does not offer access to retail clients.

The Applicant is a private limited company incorporated under the laws of the Netherlands, and a wholly owned direct and indirect 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 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 BTFE must qualify as a Professional Investor and satisfy any other eligibility criteria that the Applicant may set from time to time, in accordance with the BTFE Rulebook<sup>1</sup> (see Rule 202 (Eligibility)) 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.

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<sup>1</sup> The BTFE Rulebook is available online at: <https://data.bloomberglp.com/professional/sites/10/BTFE-Rulebook.pdf>.

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## **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 AMF. Recognition requirements applied to BTFE are stringent and take into consideration elements such as governance, fees, fair and equitable access, regulation, market operations, systems and technology as well as clearing and settlement, as prescribed by the AMF.

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

Pursuant to Canadian Securities Administrators (“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 alternative trading systems (“**ATSs**”) and foreign MTFs in respect of trading fixed income securities. With respect to foreign MTFs, the CSA states that they will consider allowing foreign MTFs to trade 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.

The Applicant notes that exemptive relief in respect of trading 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 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 AMF regulatory framework and hereby seeks an exemption from Regulation 21-101, Regulation 23-101 and Regulation 23-103.

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## **CONFIDENTIALITY, CONSENT AND INFORMATION**

We request that this application be treated as confidential until such time as the AMF and the Applicant both agree to publish this application for public comment. Enclosed is a certificate of an 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 TRADING FACILITY B.V.**

"James Phelps"

Name: James Phelps

Title: Deputy Chief Executive Officer, Bloomberg Trading Facility B.V.

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

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**ARTICLE 1**  
**REGULATION OF THE APPLICANT IN ITS HOME JURISDICTION**

### **1.1 Regulation of the Applicant**

The Applicant is regulated in an appropriate manner in the Netherlands by the Foreign Regulator. BTFE is an MTF, as defined in the European Markets in Financial Instruments Regulation 600/2014 and Directive 2014/65/EU (collectively, “**MiFID**”) and the relevant rules and regulations of the AFM. An MTF is a type of trading venue specified by MiFID, which defines an MTF as “*a multilateral system... which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract.*”

On January 15, 2019, the AFM authorised the Applicant to act as the operator of an MTF in the Netherlands and has commenced supervising the Applicant on an ongoing, active basis. Financial instruments for which the Applicant is authorised by the AFM are set forth on Annex B.<sup>2</sup>

MTF operators that are authorised by the AFM must comply with the Wft, the Markets in Financial Instruments Directive 2014/65/EU of the European Parliament and of the Council (“**MiFID II**”), which was implemented on January 3, 2018, Regulation (EU) 600/2014 of the European Parliament and of the Council (“**MiFIR**”), the rules pertaining to this legislation and the applicable guidance from the AFM and De Nederlandsche Bank (the Dutch Central Bank, “**DNB**”) (the “**Applicable Rules**”), particularly those in:

- (a) Chapter 1 of the Wft, which sets out the powers of investigation and enforcement of the AFM and DNB;
- (b) Chapter 2 of the Wft and the Decree on Market Access, which set out the authorization requirements for investment firms operating an MTF;
- (c) Chapter 3 of the Wft and the Decree on Prudential Supervision, which set out the prudential requirements imposed on MTF Operators and implement part of the 4th EU Capital Requirements Directive;
- (d) Chapter 4 of the Wft and the Decree on Conduct of Business Supervision, which set out the conduct of business requirements imposed on MTF Operators and implement MiFID II requirements related to the conduct of business; and
- (e) Chapter 5 of the Wft, which implements part of MiFID II as it relates to MTFs.

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<sup>2</sup> For further details regarding the Applicant’s regulatory status and exercise of its passporting rights, please refer to “EU-passport (outgoing)” at the Applicant’s entry in the AFM’s register investment firms at: <https://www.afm.nl/en/professionals/registers/vergunningenregisters/beleggingsondernemingen/details?id=780FC43F-CC59-E811-80DA-005056BB0C82>.

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The Applicant is obligated to comply with AFM 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 4:91(a) of the Wft requires the Applicant to have “transparent rules and procedures for fair and orderly trading and establish objective criteria for the efficient execution of orders.”
- (b) **Properly supervised trading practices:** Section 4:91b(1) of the Wft requires the Applicant to: “(1) establish and maintain effective arrangements and procedures for the regular monitoring of the compliance by its participants with its rules and (2) monitor the transactions sent, including cancellations and the transactions undertaken by its participants under its systems to identify infringements of those rules, disorderly trading conditions, conduct that may indicate behavior that is prohibited under the Wft (Wet Financieel Toezicht) en further specifien in ‘Besluit Markmisbruik Wft’ or system disruptions in relation to a financial instrument.” In addition, the Applicant is required under EU Market Abuse Regulation Article 16(1) to “establish and maintain effective arrangements, systems and procedures aimed at preventing and detecting insider dealing, market manipulation and attempted insider dealing and market manipulation.”
- (c) **Trading practices that are not contrary to the public interest:** Under Section 4:26 of the Wft, the Applicant is required to report to the AFM where (a) there is a significant breach of the Applicant’s rules; (b) there are disorderly trading conditions or (c) the Applicant identifies conduct that may involve market abuse Furthermore, the Applicant has established, publishes, maintains and implements transparent and non-discriminatory rules, based on objective criteria, governing access to its facility (as required under Article 18(3) of MiFID II). As noted above, BTFE is required under the EU Market Abuse Regulation Article 16(1) to “establish and maintain effective arrangements, systems and procedures aimed at preventing and detecting insider dealing, market manipulation and attempted insider dealing and market manipulation.”

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

## 1.2 Authority of the Foreign Regulator in the Home Jurisdiction

The Applicant is subject to regulatory supervision by the AFM in conducting its activities for which it is permissioned as set out in Section 1.1 above. In undertaking those activities, the Applicant is required to comply with the Applicable Rules, which include, among other things, rules on (i) the conduct of business (including rules regarding client categorization, communication with clients and other investor protections and client agreements) (ii) market conduct (including rules applicable to firms operating an MTF) and (iii) systems and controls (including rules on outsourcing, governance, record-keeping and conflicts of interest).

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The AFM requires the Applicant to comply at all times with a set of threshold conditions for authorization and ongoing requirements, including requirements that the Applicant has sound business and controlled business operations to be authorised and that it has appropriate resources for the activities it carries on. Breach of a threshold condition could lead to enforcement action or the Applicant's authorization being revoked by the AFM.

In addition to complying with detailed AFM rules and guidance governing the organization and conduct of the Applicant's business, the Applicant is required to act in accordance with Section 4:90 of the Wft, which requires the Applicant to act honestly, fairly and professionally and refrain from actions that are detrimental to the integrity of the market. Additionally, pursuant to Section 4:14(2)(a) of the Wft, in conjunction with Article 29a(2) of the Decree on Conduct of Business Supervision (*Besluit Gedragstoezicht Financiële ondernemingen Wft*) and Article 15(5) of MiFID II, the Applicant must establish adequate risk management policies and procedures and adopt effective arrangements to manage the risks relating to its activities, processes and systems.

The Applicant is subject to prudential regulation, including minimum regulatory capital requirements, and is capitalized in excess of regulatory requirements.

### **1.3 Listing Criteria for Products**

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

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

As part of its initial authorization, the AFM granted permission on January 15, 2019 for the Applicant to offer BTFE in respect of interest rate swaps, credit default swaps, bonds, securities financing transactions (including repurchase agreements and buy-sell and sell-buy back transactions) ("SFTs"), exchange traded funds ("ETFs"), over-the-counter ("OTC") equity options, FX derivatives (non-deliverable forwards and options) and FX forwards and swaps settled by physical delivery.

The Applicant is therefore currently authorised by the AFM to offer BTFE in relation to all instruments listed on Annex B. To the extent that the Applicant wishes to make available for trading additional classes of financial instruments on BTFE, it would require prior AFM approval via a "variation of permission" process.

The AFM has never required the Applicant to cease making a class of financial instrument available for trading on BTFE for failure to comply with AFM or MiFID regulations.

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As part of its supervisory powers, the AFM may from time to time require the Applicant to suspend trading in specific financial instruments. This power may be exercised, for example, to comply with sanctions or to prevent market disorder. This power does not relate to a trading venue's failure to comply with AFM or MiFID regulations. The AFM has never exercised this power with the Applicant, but the Applicant has received requests to suspend trading in specific financial instruments from other local national competent authorities. These requests are available on the BTFE website at: <https://data.bloomberglp.com/professional/sites/10/20190613-Instrument-Suspension-Register-Website-Published.pdf>.

As part of the Applicant's MTF authorization from the AFM, the Applicant identified to the AFM the types of instruments that it intended to make available for trading. The AFM has authorised the Applicant to provide BTFE for all types of instruments listed in Annex B. The BTFE Rulebook designates the instruments which the Applicant's participants may trade. Any changes to the BTFE Rulebook must be reviewed and approved by the Applicant's Management Board.

The AFM's requirements for authorization of MTF operators do not make reference to usual commercial customs and practices. Instead, the AFM rules (which reflect requirements under MiFID) focus on maintaining and implementing transparent and non-discriminatory rules, based on objective criteria. The BTFE 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 BTFE are generally accepted and understood by participants.

In accordance with MiFID II, BTFE is required to provide the AFM with reference data for all financial instruments that are admitted to trading or that are traded each trading day. The AFM is then required to transmit this reference data to ESMA each day.

#### **1.4 IOSCO Principles**

IOSCO Principles – To the extent it is consistent with the laws of the Netherlands and the European Union and incorporated into the Wft, the Applicant adheres to the standards of the International Organisation of Securities Commissions (“**IOSCO**”) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

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

#### **2.1 Corporate Governance**

As a private limited company, the Applicant is managed by its board of directors (the “**Board**”) in accordance with the constitutional rules contained in the Applicant's articles of association (the “**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

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ultimate authority to modify, suspend or overrule any powers delegated thereto. The Applicant has established a Risk Committee to oversee the Applicant's day-to-day business, operations, risk exposure and risk strategy. The authority of the Risk Committee is described in greater detail in Section 2.2.2 below.

## 2.2 Board and Committee Representation

### 2.2.1 The Boards of Directors

The Applicable Rules place considerable emphasis on the role and responsibilities of the Applicant's Boards. As is typical under Dutch law, the Applicant's Board is bifurcated into a Management Board and a Supervisory Board. The Applicant's Management Board (comprising the Applicant's Chief Executive Officer, Deputy Chief Executive Officer and Chief Operating Officer) is responsible for the day-to-day management of the Applicant. The Management Board members are guided by the interests of the Applicant and the business that the Applicant is pursuing.

The Supervisory Board has responsibility for supervising the activities of the Management Board and the general course of affairs of the Applicant and its business. Supervisory Board oversight extends to approving certain significant expenditures and agreements, as well as financial statements and reports. The Supervisory Board periodically evaluates the effectiveness of the Applicant's governance arrangements, including its own functioning, the functioning of the Management Board, the functioning of the individual Management and Supervisory Board members, and will take steps to address any deficiencies. The Supervisory Board is provided with relevant updates and information and discusses key initiatives and strategy. The Supervisory Board members are guided by the interests of the Applicant and the business that the Applicant is pursuing.

The Applicant's Management Board consists of three directors (comprising the Applicant's Chief Executive Officer, Deputy Chief Executive Officer and Chief Operating Officer) and the Applicant's Supervisory Board consists of two directors. The Applicant's Management Board directors are Nicholas Bean, James Phelps and Mark van Vugt, and the Applicant's Supervisory Board directors are Peter Grauer and Ben Macdonald. None of the Applicant's directors would be considered "independent" directors under the tests in Regulation 52-110 respecting *Audit Committees*. The independence requirements set out in MiFID II do not apply to the Applicant.

Information on the terms of the Board is not available on the BTFE website. However, a public register of current Directors of the Applicant is available for a nominal fee on the KVK (Chamber of Commerce) website: <https://www.kvk.nl/>.

### 2.2.2 Governance Arrangements

As part of its authorization process, the Applicant was required to provide details of its governance arrangements to the AFM for the AFM to ensure that these arrangements met the regulatory threshold conditions for authorization, including the requirement that the Management Board and Supervisory Board members satisfy the suitability and integrity

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requirements under Netherlands regulatory law. Factors to which the AFM may have regard when assessing whether the Management Board and Supervisory Board are suitable for their position include whether such boards of the firm are made up of individuals with an appropriate range of skills, knowledge and experience to understand, operate and manage the firm's regulated activities. The English translation of the Suitability Policy Rule 2012 (which was slightly amended in 2020, of which no English version is available) can be found at <https://www.dnb.nl/media/11cl2gga/policy-rule-on-fitness-2012.pdf>.

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

The Risk Committee, which is chaired by the Applicant's Risk Officer, oversees the Applicant's risk exposure and risk strategy and advises the Applicant's Management Board and Supervisory Board on the Applicant's overall risk management. The Risk Committee is composed of personnel from Risk, Engineering and Compliance. The members of the Risk Committee work with the Applicant's personnel to identify and analyse the risks relevant to the Applicant.

The Board may from time to time constitute and appoint standing committees as it may deem necessary or advisable.

### **2.3 Director Qualifications, Remuneration and Limitation of Liability**

#### **2.3.1 Director Qualifications and Fitness Standards**

Members of the Management Board and Supervisory Board must be screened for suitability and integrity by the AFM before being appointed and/or commencing their tasks as day-to-day policymakers or as Supervisory Board members (as applicable). Each of the Applicant's Board members successfully underwent this screening process. The Applicant must notify the AFM of any material changes with regard to Management Board members and Supervisory Board members.

The Management Board members and Supervisory Board members are required to take an oath/solemn affirmation ('financial oath') within three months after the start of their employment for the Applicant.

The Applicant considers several factors in determining the composition of the Management and Supervisory Boards, including whether directors, both individually and collectively, possess the required integrity, experience, judgment, commitment, skills and expertise to exercise their obligations of oversight and guidance over an MTF. The Applicant's directors have broad experience in various industries and some serve or have served as directors of various affiliates, public companies and non-profit companies.

As part of its authorization process, the Applicant was required to provide details of its governance arrangements to the AFM for the AFM to ensure that these arrangements met the regulatory threshold conditions for authorization, including the requirement that the

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Management Board and Supervisory Board members satisfy the suitability and integrity requirements under the Netherlands regulatory law. Factors to which the AFM may have regard when assessing whether the Management Board and Supervisory Board are suitable for their position include whether such boards of the firm are made up of individuals with an appropriate range of skills, knowledge and experience to understand, operate and manage the firm's regulated activities. The English translation of the Suitability Policy Rule 2012 (which was slightly amended in 2020, of which no English version is available) can be found at <https://www.dnb.nl/media/11cl2gga/policy-rule-on-fitness-2012.pdf>.

Members of the Management Board and Supervisory Board are approved by the AFM, as further described in this Section 2.3.1. The AFM grants such approval only if it is satisfied that the candidate is fit to perform his or her responsibilities. Responsibility lies with the Applicant to satisfy itself and the AFM 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.

As described in this Section 2.3.1, AFM-approved persons are directly subject to obligations under the AFM's regulatory regime and must swear a financial oath/affirmation.

Pursuant to the Applicant's Articles of Association, and in accordance with Dutch corporate law, the Applicant's shareholders may convene a general meeting to make shareholder decisions (the "**General Meeting**"), including the appointment of directors to, and the suspension or removal of directors from, the Management Board and the Supervisory Board. As set out in the Articles of Association and the Supervisory Board and Management Board regulations, the board members are appointed by the general meeting for an indefinite term and may be suspended by the general meeting (and the Supervisory Board where it concerns Management board members) or removed at any time. Directors of the Management Board and the Supervisory Board may also voluntarily resign from office as a director.

A resolution of the shareholders at a General Meeting may be passed (i) by a simple majority of the votes cast by shareholders who voted in respect of the resolution, provided that all of the formalities for convening the meeting have been satisfied, or (ii) in writing signed by all of the shareholders entitled to vote on the resolution, provided that all of the shareholders consent to this manner of decision-making. The directors of the Management Board and the Supervisory Board must have been afforded the opportunity to give their advice before any decision is made by shareholders at the General Meeting.

The Supervisory Board may also suspend directors from the Management Board by resolution taken inside or outside a meeting. A resolution of the Supervisory Board may be passed (i) at a meeting by a simple majority of the directors of the Supervisory Board, or (ii) in writing signed by all of the directors of the Supervisory Board, provided that all of the directors of the Supervisory Board are familiar with the resolution to be passed and consent to this manner of decision-making.

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### **2.3.2 Director Remuneration and Limitation of Liability**

The Applicant's remuneration system aims to incentivize high-level performance and promote sound risk management. To that effect, the Applicant has a remuneration policy that complies with the Dutch law's strict requirements on remuneration. The Applicant's Management Board approves the Applicant's remuneration policy and amendments thereto, after consulting with the Applicant's Supervisory Board and taking advice from the Applicant's Compliance Department.

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

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

### **2.3.3 Director Indemnification**

Under Bloomberg Group arrangements, each director and officer is entitled to indemnification for costs incurred as a result of his or her involvement in any formal or informal proceeding by reason of such director's or officer's role, so long as such director or officer acted in good faith and his or her conduct did not constitute actual fraud, gross negligence, or willful or wanton misconduct.

## **2.4 Conflicts of Interest**

The Applicant, through its conflict of interest rules, policies and procedures, has established a robust set of safeguards designed to identify, prevent, manage and monitor actual and potential conflicts of interest, which apply to the Applicant's Management and Supervisory Boards, officers and employees.

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

The Applicant's Compliance Department is responsible for keeping and regularly updating a record of the kinds of service or activity carried out by or on behalf of the Applicant in which a conflict of interest entailing a material risk of damage to the interests of one or more participants has arisen, or, in the case of an ongoing service or activity, may arise. It is the responsibility of the business to identify real and potential conflicts and to notify the Applicant's compliance officer ("Compliance Officer") so that any conflicts are recorded. Any identified conflicts are also reviewed by the Supervisory Board on an annual basis.

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

## 2.5 Fees and Financial Viability

As an MTF regulated by the AFM and governed by AFM rules, the Applicant's fee structure, including any execution fees, ancillary fees and rebates, is required by Section 4:91a(11) of the Wft in conjunction with section 5:30b(1)(d) of the Wft to be transparent, fair and non-discriminatory. Under MiFID, trading venues like MTFs are required to charge the same fees and provide the same conditions to all users of the same type of services based on objective criteria, and may only establish different fee structures for the same type of services where those fee structures are based on non-discriminatory, measurable and objective criteria. In accordance with AFM rules and MiFID, similarly situated BTTFE participants are charged the same fees pursuant to the Applicant's fee structure.

The process for setting fees is fair and appropriate, and the fee model is transparent. The Applicant is required by MiFID to ensure that its fee structure is sufficiently granular to allow users to predict the payable fees on the basis of at least the following elements: (a) chargeable services, including the activity which will trigger the fee, (b) the fee for each service, stating whether the fee is fixed or variable, and (c) rebates, incentives or disincentives. MiFID also requires the Applicant to publish objective criteria for the establishment of its fees and fee structures, together with execution fees, ancillary fees, rebates, incentives and disincentives in one comprehensive and publicly accessible document on their website. The Applicant's fees are publicly posted on its website at the following link under the heading "BTF BV Fees": <https://www.bloomberg.com/professional/product/multilateral-trading-facility-europe>.

The Applicant has adequate financial and staff resources to carry on its activities in full compliance with its regulatory requirements and with best practices. The Applicant is subject to prudential regulation, including minimum regulatory capital requirements, and must submit financial reports to the AFM.

To assess its regulatory capital requirements, the Applicant has implemented a bottom-up and a top-down approach to identify risks that are relevant and material to its business as a whole. The Applicant assesses whether it is appropriate to hold capital against those risks either on a base case or under stressed scenarios. The Applicant separately calculates the wind-down cost for the business under stressed scenarios. The Applicant's overall regulatory capital requirement has been determined as the wind-down requirement since it is the higher of the amount required against business risks and the wind-down requirement.

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

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## 2.6 Fair and Equitable Access

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

Section 4:91a(1) of the Wft requires the Applicant to establish transparent rules and procedures for fair and orderly trading and to establish objective criteria for the efficient execution of orders. Participant status, access to, and usage of, BTFE 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 BTFE Rulebook sets out the admission and eligibility criteria that participants must meet.<sup>3</sup> Specifically, to be eligible for admission as a participant, a participant applicant must demonstrate to the satisfaction of the Applicant that it:

- (a) is a Professional Investor (as provided in Annex D);
- (b) is (A) authorised as an EEA credit institution or EEA investment firm or (B) an entity that has satisfied and will continue to satisfy the Applicant that it is of sufficient good repute, that has a sufficient level of trading ability, competence and experience, that has adequate organizational arrangements in place and that it has sufficient resources for the role(s) it intends to perform on the market;
- (c) complies, and will ensure that its authorised traders comply, and, in each case, will continue to comply, with the BTFE Rulebook and applicable law;
- (d) has the legal capacity to trade in the instruments it selects to trade on BTFE;
- (e) has appropriate systems and arrangements for the orderly clearance and/or settlement, as applicable, of transactions in all instruments it selects to trade on BTFE;
- (f) has all registrations, authorizations, approvals and/or consents required by applicable law in connection with trading in instruments on BTFE;
- (g) has adequate experience, knowledge and competence to transact in the instruments;
- (h) 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; and

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<sup>3</sup> The BTFE Rulebook is available online at: <https://data.bloomberg.com/professional/sites/10/BTFE-Rulebook.pdf>.

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- (i) is not a natural person, an independent software provider, a trading venue or an unregulated organized trading platform or system.

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

In addition to the requirements set forth above, and pursuant to the Requested Relief sought, 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 laws, exempt from registration or not subject to registration requirements. The Canada User Acknowledgement will require a Québec Participant to make an ongoing representation that each time it uses BTFE that it continues to meet the criteria set forth in a Canada User Acknowledgement. A Québec Participant will also be required to immediately notify the Applicant if it ceases to meet any of the above criteria.

With respect to the regulatory status of the Applicant's participants to trade in the MTF Instruments on BTFE, the Applicant expects that Québec Participants will be (i) registered under Québec securities and derivatives laws, as applicable, (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 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 MTF Instruments traded on BTFE.

MTF 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 definition): interest rate swaps, credit default swaps, foreign exchange	<ul style="list-style-type: none"> <li>• Dealer registration under section 54 of the Derivatives Act: applicable to Québec Participants that are in the business of trading;</li> <li>• Exemption from dealer registration under (i) section 7 of the Derivatives Act;</li> </ul>	<ul style="list-style-type: none"> <li>• Dealer registration under section 54 of the Derivatives Act: applicable to Counterparties that are in the business of trading;</li> <li>• Exemption from dealer registration under (i) section 7 of the Derivatives Act;</li> </ul>

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swaps, foreign exchange derivatives	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
Fixed income 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 NI 31-103	<ul style="list-style-type: none"> <li>• Dealer registration under section 148 of the Securities Act: applicable to Québec Participants that are in the business of trading;</li> <li>• Dealer exemption under section 192 of the Securities Regulations (Québec): applicable to Québec Participants that are prescribed financial institutions;</li> <li>• Dealer exemption under 8.21 [<i>Specified debt</i>] of NI 31-103: applicable to any Québec Participant trading debt securities that qualify as “specified debt” with a Counterparty;</li> <li>• 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.</li> <li>• Dealer registration under section 148 of the Securities Act: applicable to Counterparties that are in the business of trading;</li> <li>• Dealer exemption under section 8.5 [<i>Trades through or to a registered dealer</i>] of NI 31-103: applicable to registered or unregistered Counterparties that trade through or to a Québec Participant that is a registered dealer;</li> <li>• Dealer exemption under 8.18 [<i>International dealer</i>] of NI 31-103: applicable to Counterparties that are foreign dealer firms<sup>4</sup>;</li> <li>• Dealer exemption under 8.21 [<i>Specified debt</i>] of NI 31-103: applicable to any Counterparty trading debt securities that qualify as “specified debt” with a Québec Participant;</li> </ul>

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<sup>4</sup> Under section 8.18(2)(b)(ii) of NI 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.

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		<ul style="list-style-type: none"> <li>• 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.</li> </ul>
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The Applicant may deny the grant of trading privileges or prevent a person from becoming or remaining a participant, if in the Applicant's sole discretion, the person does not satisfy the eligibility criteria listed above or if the Applicant considers that accepting that person as a participant may prevent the Applicant from complying with applicable law. The Applicant keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

## 2.7 Regulation of Participants

As required by the Wft, the BTFE Rulebook sets out transparent and non-discretionary rules and procedures for fair and orderly trading by participants and objective criteria for efficient execution of orders. Participants are required to comply with a significant number of rules that govern trading on BTFE. The applicable rules are primarily located in Chapter 3 (Trading) of the BTFE Rulebook.<sup>5</sup>

The Applicant is dedicated to safeguarding the integrity of BTFE, and has policies and procedures that are designed to ensure that BTFE is free from manipulation and other abusive practices. These efforts are a necessary component of efficiently working markets, and the Applicant is committed to ensuring that participants are able to use BTFE with the knowledge that it remains open and transparent.

The Applicant's Compliance Department assesses participants' compliance with the BTFE Rulebook on an ongoing basis. In addition, the Applicant has carried out a market abuse risk assessment and conducts electronic surveillance of orders and transactions carried out by participants to monitor for potential breaches of BTFE's rules, disorderly trading conditions and conduct that may involve market abuse. The Applicant's Compliance Department, upon approval by the Compliance Officer, has the capability to suspend all trading on BTFE during emergency situations via a "kill switch." The Compliance Department also has the ability to suspend trading of specific instruments or instruments of a specific asset class during a trading day, either in response to an emergency situation or by order of a regulator.

The Applicant's Compliance Department operates a real-time electronic market surveillance system which is designed to identify potential disorderly market conditions and the risk of

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<sup>5</sup> The BTFE Rulebook is available online at: <https://data.bloomberg.com/professional/sites/10/BTFE-Rulebook.pdf>.

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market abuse. The trade surveillance system is capable of detecting potential market abuse scenarios and violations of the BTFE Rulebook. The automated trade surveillance system has the capability to detect and flag specific trade execution patterns and trade anomalies, compute, retain, and compare trading statistics, reconstruct the sequence of market activity, perform market analyses to perform in-depth analyses and ad hoc queries of trade and order-related data.

The Applicant has made significant investments in regulatory technology, including staff dedicated solely to the support and continuous development of its regulatory technology infrastructure, enabling the Applicant's regulatory and market protection capabilities to anticipate and evolve with the changing dynamics of the marketplace. The Applicant has also developed an audit trail of market activity and flexible data query and analytical tools that allow its regulatory staff to examine real-time and historical order and transaction data, maintain profiles of markets and participants, and detect trading patterns potentially indicative of market abuses.

The Applicant performs anti-money laundering and counter-terrorist finance checks as part of its participant onboarding procedures. Where there are reasonable grounds to suspect or where there is a suspicion of money laundering or terrorist financing which arises in the course of participant onboarding, this will be reported to the Financial Intelligence Unit (FIU) Nederland, the competent authority for anti-money laundering oversight in the Netherlands, 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 AFM).

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

If the Compliance Department identifies a breach of BTFE rules or behavior or an issue that presents an immediate threat to market integrity or orderliness, it will (i) notify the 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 BTFE, temporarily suspend the participant involved, pending further investigation and notification of the relevant product manager, or permanently terminate a participant's or an authorised trader's access to BTFE where the act or omission is deemed to be a serious breach of the BTFE 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.

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If the Compliance Officer determines that the breach is significant and poses an immediate threat to the stability or integrity of the MTF, 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 BTFE where the act or omission is deemed to be a serious breach of the BTFE 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.

Pursuant to Section 4:91b(3) of the Wft, the Applicant will report to the AFM (i) significant breaches of BTFE Rules, (ii) disorderly trading conditions, and (iii) conduct that may involve market abuse. The Applicant will also notify the AFM when a participant's access is terminated, and may notify the AFM when a participant is temporarily suspended or subject to condition(s). The AFM 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 AFM has entered into a memorandum of understanding ("MOU"). See Section 16.2 for details regarding the MOU that exists between the AFM and the AMF.

## 2.8 Rulemaking

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

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

- (a) **ensure compliance with applicable legislation.** Chapter 2 (Participants) of the BTFE 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 BTFE Rulebook and applicable law.<sup>6</sup> The Applicant is obligated to comply with AFM rules, and must implement rules that require compliance with AFM rules by its participants. The Applicant proactively monitors its participants' compliance with applicable law and regulation, evidenced in

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<sup>6</sup> See Rule 202(d) of the BTFE Rulebook. The BTFE Rulebook is available online at: <https://data.bloomberg.com/professional/sites/10/BTFE-Rulebook.pdf>.

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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 (Trading) of the BTFE Rulebook specifically prescribes trading practices and trading conduct requirements, including prohibited trading activities, and prohibits fictitious trades, fraudulent activity and manipulation. The Applicant has instituted procedures to collect information, examine participants' records, directly supervise the market, maintain sufficient compliance staff, conduct audit trail reviews, perform real-time market monitoring and market surveillance and establish an automated trade surveillance system.
- (c) **promote just and equitable principles of trade.** All systems of BTFE are available to all participants on a non-discretionary basis. Throughout the BTFE Rulebook, the Applicant has established transparent and objective standards for access to and trading on BTFE to foster competitive and open market participation. The Applicant believes that compliance with the BTFE Rulebook and related compliance procedures promote just and equitable principles of trade.
- (d) **foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange.** Rule 404 (BTF BV Compliance with Applicable Law; Cooperation with Regulatory Authorities) of the BTFE Rulebook authorizes the Applicant to provide full assistance and information to the AFM, 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 BTFE. Each participant is also required by Rule 404 to provide full assistance, information or documents to the AFM 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 BTFE.

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

- (e) **promote a framework for disciplinary and enforcement actions.** Under Chapter 2 (Rules 207 and 208) of the BTFE 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

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BTFE Rulebook, applicable law or BTFE 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 304 (Prohibited Trading Practices). Under Rule 306 (BTFE Risk Controls), the Applicant may also suspend, postpone or extend all trading on BTFE, or in respect to one or more instruments on BTFE, where the Applicant reasonably considers it is necessary to (i) maintain the stability or integrity of BTFE, (ii) ensure fair and orderly trading, (iii) avoid violation of applicable law, (iv) prevent erroneous execution of trades, and/or (v) as otherwise required by applicable law or a regulatory authority or court.

- (f) **ensure a fair and orderly market.** The Applicant prescribes trading rules, collects and evaluates market activity data, maintains and audits its real-time monitoring program, and audits historical data to detect trading abuses. The Applicant periodically reviews its programs and procedures, including risk analysis, emergency planning, and systems testing. The Applicant regularly audits systems and technology tests both for technical and regulatory compliance. The Applicant's Compliance Department has the capability to suspend all trading on BTFE during emergency situations via a "kill switch." The Compliance Department also has the ability to suspend trading of specific instruments or instruments of a specific asset class during a trading day, either in response to an emergency situation or by order of a regulator. The Applicant believes that these measures and its rules are designed to ensure a fair and orderly market.

## 2.9 Record Keeping

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

The Applicant collects data related to its regulated activity on a daily basis. The Applicant maintains an "audit trail" for every order entered and transaction executed on BTFE. Audit trail information for each transaction includes the order instructions, entry time, modification time, execution time, price, quantity, account identifier and parties to the transaction, as well as the firm number connected with an RFQ and the date and time when an RFQ is sent, modified, expired or cancelled. On a daily basis, files of all electronic order and cleared trade information are archived in a non-rewritable non-erasable format, and multiple copies are stored for redundancy and critical safeguarding of the data for five years.

The Applicant also keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access, along with a record of any breaches of BTFE rules by participants for at least five years.

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## 2.10 Outsourcing

Pursuant to a Servicing Agreement (the “**Services Agreement**”), the Applicant outsources the provision of software, hardware, intellectual property and certain support services to its parent, BLP. These support services include systems support, administration, office space, telecommunications, accounting and financial services, legal and other support. BLP seconds staff to the Applicant under the Services Agreement.

Under AFM 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 AFM 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 Boards. The Applicant’s Chief Operating Officer is responsible for coordinating with BLP’s Internal Audit Liaison Officer and for reporting results and status of internal audits to the Boards. KPMG LLP is Bloomberg’s internal audit co-source service provider.

## 2.11 Enforcement Rules

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

The Applicant is required to maintain a permanent and effective compliance function, which is headed by the Applicant’s Compliance Officer.

The Applicant’s Compliance Department is responsible for implementing and maintaining adequate policies and procedures designed to ensure that the Applicant, its officers and its employees comply with their obligations under the Applicable Rules. The Applicant’s Compliance Department is responsible for training employees on relevant compliance matters

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

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Pursuant to Section 2:46 of the Wft, the Applicant is required to report to the AFM (a) significant breaches of BTFE Rules, (b) disorderly trading conditions, and (c) conduct that may involve market abuse. The Applicant may also notify the AFM when a participant's access is terminated, and may notify the AFM when a participant is temporarily suspended or subject to condition(s). The AFM 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 AFM when required, and will also assist the AFM in any investigation conducted regarding trading on BTFE. Please also see Section 2.7.

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

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

The Applicant may prevent a person from becoming a BTFE participant, if in the Applicant's sole discretion, the person does not satisfy the eligibility criteria listed in Section 2.6 or if the Applicant considers that accepting that person as a participant may prevent the Applicant from complying with applicable law. Under Rule 208 (Suspension or Termination) of the BTFE 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 BTFE for any of the circumstances, violations or events listed in Rule 208(a).

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

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, or if the Compliance Officer determines that the breach is significant and/or poses an immediate threat to the stability or integrity of BTFE, then the Compliance Officer may take the following actions:

- impose conditions on a participant's or authorised trader's access to BTFE;

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- temporarily suspend a participant's or an authorised trader's access to BTFE;
  - This suspension is imposed where there is deemed to be an immediate threat to the orderliness or integrity of BTFE. 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 BTFE where the act or omission is deemed to be a serious breach of the BTFE 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 (7) 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 208 Panel may eliminate conditions imposed on access, lift a suspension and/or reinstate the access of a participant or its authorised trader to BTFE. The decision of the Rule 208 Panel shall be final. 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 AFM when required, and will assist the AFM in any investigation conducted regarding trading on BTFE.

## 2.12 Systems and Technology

BTFE 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 BTFE 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 BTFE to protect the critical data and system components of BTFE (the “**Systems**”), including (i) denial of service protection, (ii) firewalls, (iii) configured routers, (iv) demilitarized zones (“**DMZs**”)<sup>7</sup> and network segmentation; (v) intrusion detection procedures; (vi) event logging and log analysis; and (vii) virus protection.

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<sup>7</sup> A DMZ is used in a computing context to refer to a physical or logical subnetwork that separates an internal local area network from other untrusted networks. DMZs are sometimes known as perimeter networks or screened subnetworks.

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The Applicant 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 BTFE and the electronic trading platforms operated by affiliates of the Applicant, for the same financial instruments as traded on BTFE 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 comprised of “execution machines” (the “**Application Cluster**”) and a database cluster, each running discrete instances of operating software. The Application Cluster runs in a “hot-warm” configuration. A “hot-warm” configuration means that in addition to a server on which a specific task is running, there is a backup server that receives regular updates on the task and is standing by ready to take over in the event of a failover after a brief “switching” process. A specific software instance on an Application Cluster machine is live at any point of time for a given trade. In the event of a server malfunction, a server is typically marked as “offline,” at which point subsequent requests are diverted to the other servers.

The Applicant has established configuration management controls and procedures that have the following objectives:

- (a) maintain centralized control for all hardware during the testing and rollout phases of new equipment;
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- (b) ensure that hardware has sufficient capacity for both present and future operating requirements;
- (c) limit access to the operating system on a need-to-know, job function-related basis;
- (d) prevent unauthorised access to the Systems; and
- (e) provide active performance monitoring of production server machines.

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

The Applicant's Business Continuity/Disaster Recovery Plan is designed to allow for the recovery and resumption of operations and the fulfillment of the duties and obligations of the Applicant following a disruption. The Applicant anticipates six (6) hours for resumption of operations if the Business Continuity/Disaster Recovery Plan is invoked. As part of the Business Continuity/Disaster Recovery Plan, the Applicant performs periodic tests to verify that the resources outlined in the plan are designed to ensure continued fulfillment of all relevant duties of the Applicant under AFM rules. The Applicant's databases are backed-up to tape daily, and the back-up tapes are stored at an on-site location for 30 days. Monthly back-up tapes are stored at an off-site location pursuant to the Applicant's Business Continuity/Disaster Recovery Plan for five years.

The Applicant uses risk monitoring tools and risk controls to prevent and reduce the potential risk of market disruptions, including the following: (i) price outlier detection tool; (ii) pricing change monitoring tool; (iii) trading kill switch; (iv) notional outlier size limitations; (v) authorised trader lists and asset class limitations; (vi) trade rejection capability; and (vii) trade cancellation capability.

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

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

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## 2.13 Clearing and Settlement

The Applicant has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.

Neither the Applicant nor any of its affiliates provides clearing, settlement or custodial facilities to participants for trades executed on BTFE. Clearing and settlement requirements and arrangements vary according to the instrument traded on BTFE. BTFE participants are required to have in place appropriate arrangements for the orderly clearance and/or settlement of trades. BTFE participants must comply with any clearing obligation that applies to them under applicable law, including the laws of the province of Québec. The Applicant will present any trade required to be cleared to a clearing house for clearing on behalf of a BTFE participant.<sup>8</sup>

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

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

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

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

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<sup>8</sup> Please see Rule 202 and Rule 308(a)(i) of the BTFE Rulebook, which is available online at: <https://data.bloomberg.com/professional/sites/10/BTFE-Rulebook.pdf>.

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Accordingly, ICE Clear Europe Limited and ICE Clear Credit LLC are not authorised to provide clearing services for credit default swaps directly to Québec Participants.

LCH SA is authorised under the European Markets Infrastructure Regulation as a central counterparty (“CCP”).<sup>9</sup> LCH Limited is recognised by ESMA as a CCP, and subject to the regulation and jurisdiction of ESMA.<sup>10</sup> LCH SA and LCH Limited are registered as designated clearing organizations (“DCOs”) with the U.S. Commodity Futures Trading Commission (“CFTC”), and subject to the regulation and jurisdiction of the CFTC.<sup>11</sup>

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

As CCPs recognised by ESMA, the clearing houses must comply with applicable regulatory technical standards (RTS) (which prescribe capital requirements etc.) and implementing technical standards (ITS)<sup>12</sup> (which prescribe records to be maintained by CCPs) by ESMA and other requirements imposed by Regulation (EU) No 648/2012 of the European Parliament and of the Council and supplementing regulations.<sup>13</sup> Each CCP is required to have adequate and appropriate risk management capabilities, systems safeguards, emergency procedures and plan for disaster recovery.

### **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

<sup>9</sup> Please see ESMA’s “List of Central Counterparties authorised to offer services and activities in the Union,” which is available at: [https://www.esma.europa.eu/sites/default/files/library/ccps\\_authorised\\_under\\_emir.pdf](https://www.esma.europa.eu/sites/default/files/library/ccps_authorised_under_emir.pdf).

<sup>10</sup> Please see ESMA’s “List of third-country central counterparties recognised to offer services and activities in the Union” which is available at: [https://www.esma.europa.eu/sites/default/files/library/third-country\\_ccps\\_recognised\\_under\\_emir.pdf](https://www.esma.europa.eu/sites/default/files/library/third-country_ccps_recognised_under_emir.pdf).

<sup>11</sup> Please see the CFTC’s list of Derivatives Clearing Organizations, which is available at: <https://sirt.cftc.gov/sirt/sirt.aspx?Topic=ClearingOrganizations>.

<sup>12</sup> Please see “Technical Standards” for an overview of all technical standards which are applicable to CCPs, which is available at: <https://www.esma.europa.eu/convergence/guidelines-and-technical-standards>.

<sup>13</sup> Please see Regulation (EU) No 648/2012 of the European Parliament and of the Council, which is available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012R0648>.

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and completely to any proper regulatory inquiry or request for documents. All inquiries and other communications from the AMF will be referred immediately to the BLP Legal Department and the Applicant's Compliance Department.

Rule 404 (BTF BV Compliance with Applicable Law; Cooperation with Regulatory Authorities) of the BTFE Rulebook authorises the Applicant to provide full assistance and information to the AFM, 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 BTFE. Each participant is also required by Rule 404 to provide full assistance, information or documents to the AFM 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 BTFE. Please also see Rule 404 of the BTFE Rulebook.

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

Satisfactory information sharing and oversight agreements exist between the AMF and the Foreign Regulator. The AMF is party to the following memoranda of understanding with the AFM:

- (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*

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*persons* (R.S.Q., c. P-45), to maintain its recognition or authorization in its home jurisdiction and to abide by any AMF decision.

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#### ANNEX A

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

- i. interest rate swaps, as defined in section 1a(47) of the U.S. *Commodity Exchange Act*;
- ii. credit default swaps, as defined in section 1a(47) of the U.S. *Commodity Exchange Act*;
- iii. 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);
- iv. any 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 National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, 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.

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## **ANNEX B**

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

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

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## ANNEX C

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

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

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## **ANNEX D**

This Annex D provides the definition of a “Professional Investor,” as defined in article 1:1 of the Wft.

professional investor:

- a. bank;
- b. management company of a collective investment scheme;
- c. management company of a pension fund or of a comparable legal person or company;
- d. collective investment scheme;
- e. investment firm;
- f. national or regional government body, or government body administering the public debt;
- g. central bank;
- h. financial institution;
- i. international or supranational organisation governed by public law or comparable international organisation;
- j. market maker;
- k. enterprise whose main activity is investing in financial instruments, implementing securitisation programmes or other financial transactions;
- l. pension fund or comparable legal person or corporation;
- m. person or corporation trading for its own account in commodities and derivatives on commodities;
- n. local firm;
- o. legal person or company that satisfies two of the following magnitude requirements:
  - 1°. a balance sheet total of € 20,000,000 or more;
  - 2°. net turnover of € 40,000,000 or more;
  - 3°. equity capital of € 2,000,000 or more;
- p. insurer;

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**ANNEX E**

**VERIFICATION STATEMENT**

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

**DATED** February 1, 2022.

**BLOOMBERG TRADING FACILITY B.V.**

By: "James Phelps"

Name: James Phelps

Title: Deputy Chief Executive Officer



## AVIS DE CONFORMITÉ

EN VERTU DE L'ARTICLE 22 DE LA LOI SUR LES INSTRUMENTS DÉRIVÉS

**MODIFICATIONS APPORTÉES AUX RÈGLES, AU MANUEL DES OPÉRATIONS, AU MANUEL DES RISQUES ET AU MANUEL DE DÉFAUT DE LA CORPORATION CANADIENNE DE COMPENSATION DE PRODUITS DÉRIVÉS EN VUE DE CRÉER UN FONDS DE LIQUIDITÉ SUPPLÉMENTAIRE.**

Le soussigné confirme que les modifications et, s'il y a lieu, les ajouts et les abrogations aux règles et au manuel des risques de la Corporation canadienne de compensation de produits dérivés ont été apportés conformément à la *Loi sur les instruments dérivés* (L.R.Q., chapitre I-14.01).

FAIT à MONTRÉAL le 31 janvier 20 22

(s) *Martin Jannelle*

Martin Jannelle, Conseiller juridique principale  
CORPORATION CANADIENNE DE COMPENSATION DE PRODUITS DÉRIVÉS