

December 13, 2023

**IN THE MATTER OF
THE SECURITIES ACT, R.S.N.S. 1989, C. 418 AS AMENDED
(the Act)**

AND

**IN THE MATTER OF
REFINITIV TRANSACTION SERVICES LIMITED**

ORDER

(Section 15.1 of NI 21-101, Section 12.1 of NI 23-101, Section 10 of NI 23-103 and Section 151A of the Act)

WHEREAS the Nova Scotia Securities Commission (the **Commission**) has received an application (the **Application**) from Refinitiv Transaction Services Limited (**RTSL**) requesting an order:

- a) under Section 15.1 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**), Section 12.1 of National Instrument 23-101 *Trading Rules* (**NI 23-101**) and Section 10 of NI 23-103 *Electronic Trading and Direct Access to Marketplaces* (**NI 23-103**) (together, the **Marketplace Rules**) exempting RTSL from the application of all provisions of the Marketplace Rules that apply to a person or company carrying on business as a multilateral trading facility in Nova Scotia; and
- b) under Section 151A of the Act exempting the Applicant from the requirement to be recognized as an exchange and as a derivatives trading facility under Subsection 30J of the Act,

(the **Requested Relief**);

AND WHEREAS the Applicant has represented to the Commission that:

- 1 RTSL currently operates a multilateral trading facility (the **Facility**). The following types of investment are offered for trading on the Facility: foreign exchange FX forwards (swaps), FX forwards (outrights), FX swaps, FX non-deliverable forwards (**NDFs**) and FX options. These Financial Instruments are admitted in various currency pairs.
- 2 RTSL received authorization on December 1, 2001 from the Financial Services Authority, the United Kingdom's (**UK**) financial services regulator at that time (now superceded by the Financial Conduct Authority (**FCA**)), to act as the operator of the Facility. A formal approval to operate a multilateral trading facility as defined under the European Union's Markets in Financial Instruments Directive 2004/39 was obtained in November 2007.

- 3 On January 3, 2018, the Markets in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament and of the Council) (**MiFID II**) entered into force as implemented in the UK by transposition into national law together with the Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014 of the European Parliament and of the Council) (**MiFIR**) which is directly applicable in the UK, containing the amended regulatory framework for the operator of a multilateral trading facility.
- 4 Without the Requested Relief, participants in Nova Scotia will be precluded from trading with UK participants on the Facility, a UK-regulated trading venue.
- 5 The Facility comprises one trading segment known as FXall RFQ which is governed by the MTF Rule Book (the **Rules**). A client who enters into a Participant Agreement in respect of the Facility (a **Participant**) must comply with both the Rules applicable to the Facility as a whole.
- 6 The Applicant is subject to regulatory supervision by the FCA, pursuant to an authorization to operate a multilateral trading facility granted November 1, 2007.
- 7 Accordingly, the Applicant is required to comply with the FCA's regulatory framework, which includes, 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 a multilateral trading facility), and (iii) systems and controls (including rules on outsourcing, governance, record-keeping and conflicts of interest). The FCA requires the Applicant to comply at all times with a set of threshold conditions for authorization, including requirements that the Applicant is "fit and proper" to be authorized and that it has appropriate resources for the activities it carries on. The Applicant is subject to prudential regulation, including minimum regulatory capital requirements, and is capitalized in excess of regulatory requirements. The Applicant is required to maintain a permanent and effective compliance function. The Applicant's Compliance Department is responsible for implementing and maintaining adequate policies and procedures designed to ensure that the Applicant (and all associated staff) comply with their obligations under the FCA rules. These policies and procedures are set forth in the RTSL Compliance Manual and associated internal policies and procedures.
- 8 The Facility is obliged to have requirements governing the conduct of Participants, to monitor compliance with those requirements and report to the FCA (a) significant breaches of the Rules, (b) disorderly trading conditions, and (c) conduct that may involve market abuse. The Applicant may also notify the FCA when a Participant's access is terminated, temporarily suspended or subject to condition(s). As required, the Applicant has implemented a trade surveillance program. As part of the program, the Applicant's Compliance Department conducts real-time market monitoring of trading activity on the Facility to identify disorderly trading and market abuse or anomalies. The trade surveillance program is designed to maintain a fair and orderly market for Participants.

- 9 Participants may only connect to the Facility using a connection method permitted by RTSL. These connection methods are described more fully in the rules relevant to each specific trading segment. FXall RFQ currently permits connections through an application programming interface (API) for FX Forwards. Participants may allow remote-manned use of LSEG APIs if the Participant ensures that the API applications in use at the remote site are at all times monitored and managed from that remote monitoring site. The Facility offers publicly available pricing plans based on trading segment, rate engine or pricing tool selected. The rate stated is purely for the Facility transaction component and does not include any pricing for the rates engine or pricing tools used.
- 10 Participants are responsible for ensuring the prompt exchange and processing of transaction confirmations directly with their counterparties in accordance with market practice. Failure to settle transactions will constitute a breach of the Rules. Participants are also responsible for ensuring that transactions are not required to be cleared pursuant to applicable law. If Participants are required or choose to clear a transaction, they are responsible for making the necessary arrangements.
- 11 The Applicant requires that all Participants meet the criteria of an Eligible Counterparty, either “per se” or “elective” as defined in Article 30(2) of European Union Directive 2014/65 and as incorporated into UK regulations. Each prospective participant must (i) comply and ensure that its authorized traders comply, and, in each case, continue to comply, with the Rules and applicable law (ii) have a sufficient level of trading ability, skill, competence and experience to conduct activities on the Facility; (iii) must be of adequate financial soundness; (iv) have adequate organizational arrangements commensurate with meeting their own regulatory obligations (v) have in place adequate systems and controls to ensure their on-going compliance with the Rules and management of their trading activities, and (vi) must satisfy any other criteria that RTSL may reasonably require from time to time.
- 12 RTSL will offer direct access to trading on the Facility to participants that are located in Nova Scotia (**Nova Scotia Participants**) and are appropriately registered as applicable under Nova Scotia securities laws or are exempt from or not subject to those requirements, and qualify as an “eligible counterparty” (either “per se” or “elective”), as defined in Article 30(2) of European Union Directive 2014/65 and as incorporated into UK regulations. Nova Scotia Participants will be required to immediately notify the Applicant if they cease to meet the criteria of an Eligible Counterparty. Participants must also supply any information requested by the Facility or Applicant to enable monitoring of responsibilities with respect to eligibility and operational criteria.
- 13 The Facility also requires information to be provided regarding the operational functions of the participants, including the qualifications required of staff in key positions and pre- and post-trade controls.
- 14 Nova Scotia Participants may include financial institutions, asset managers, dealers, government entities, pension funds and other well-capitalized entities that meet the criteria described above.

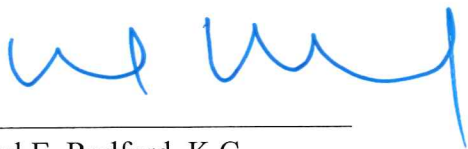
- 15 Because the Facility sets requirements for the conduct of its participants and surveils the trading activity of its Participants, it is considered by the Commission to be an exchange and a derivatives trading facility.
- 16 Since the Applicant seeks to provide Nova Scotia Participants with direct access to trading on the Facility, the Facility is considered by the Commission to be "carrying on business as an exchange or a derivatives trading facility" in Nova Scotia and is required to be recognized as such or exempted from recognition pursuant to section 151A of the Act.
- 17 The Facility has no physical presence in Nova Scotia and does not otherwise carry on business in Nova Scotia except as described herein;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Requested Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant or the Facility's activities, or as a result of any changes to the laws in Nova Scotia affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgments of the Applicant to the Commission, the Commission has determined that the granting of the Requested Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the **Commission** that (i) pursuant to sections 15.1(1) of NI 21-101, 12.1 of NI 23-101 and 10 of NI 23-103, the Applicant is exempt from the requirements from the application of all provisions of the Marketplace Rules that apply to a person or company carrying on business as a multilateral trading facility in Nova Scotia and (ii) pursuant to section 151A of the Act, the Applicant is exempt from the requirement to be recognized as an exchange and as a derivatives trading facility under Section 30J of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A".



Paul E. Radford, K.C.

Chair

Nova Scotia Securities Commission

Schedule A Terms and Conditions

Note to NSSC: The following terms and conditions are substantially similar to the terms and conditions imposed by the Ontario Securities Commission in the FRTSIL exemption order. To reduce the potential regulatory burden imposed by different sets of terms and conditions across Canadian jurisdictions, RTSL is seeking to align the terms and conditions as much as possible.

Regulation and Oversight of the Applicant

1. The Applicant will maintain its permission to operate as a multilateral trading facility (MTF) with the FCA and will continue to be subject to the regulatory oversight of the FCA.
2. The Applicant will continue to comply with the ongoing requirements applicable to it as the operator of an MTF authorized by the FCA.
3. The Applicant must do everything within its control, which includes cooperating with the **Commission** as needed, to carry out its activities as an exchange and a derivatives trading facility exempted from recognition under the Marketplace Rules and subsection 30J of the Act in compliance with Nova Scotia securities laws.

Access

4. The Applicant will not provide direct access to a participant in Nova Scotia (a **Nova Scotia User**) unless the Nova Scotia User is appropriately registered as applicable under the securities laws of Nova Scotia or is exempt from or not subject to those requirements and qualifies as an "eligible counterparty" (either "per se" or "elective"), as defined by Article 30(2) of the European Union Directive 2014/65 and as incorporated into UK regulations.
5. For each Nova Scotia User provided direct access to its Facility, the Applicant will require, as part of its application documentation or continued access to the Facility, the Nova Scotia User to represent that it is appropriately registered as applicable under the securities laws of Nova Scotia or is exempt from or not subject to those requirements.
6. The Applicant may reasonably rely on a written representation from the Nova Scotia User that specifies either that it is appropriately registered as applicable under the securities laws of Nova Scotia or is exempt from or not subject to those requirements, provided the Applicant notifies such Nova Scotia User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote or otherwise uses the Applicant's Facility.
7. The Applicant will require Nova Scotia Users to notify the Applicant if their registration as applicable under the securities laws of Nova Scotia has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Nova Scotia User and subject to applicable laws, the Applicant will promptly restrict the Nova Scotia User's access to the Facility if the Nova Scotia User is no longer appropriately registered or exempt from those requirements.

Trading by Nova Scotia Users

8. The Applicant will not provide access to a Nova Scotia User to trading in products other than swaps, as defined in section 1a(47) of the United States Commodity Exchange Act as amended, without prior approval of the Commission.

Submission to Jurisdiction and Agent for Service

10. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Nova Scotia, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Nova Scotia and (ii) an administrative proceeding in Nova Scotia.

11. The Applicant will submit to the Commission a valid and binding appointment of an agent for service in Nova Scotia upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Nova Scotia.

Prompt Reporting

12. The Applicant will notify staff of the Commission promptly of:

(a) any authorization to carry on business granted by the FCA is revoked or suspended or made subject to terms or conditions on the Applicant's operations;

(b) the Applicant institutes a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it;

(c) a receiver is appointed for the Applicant or the Applicant makes any voluntary arrangement with creditors;

(d) the Applicant marketplace is not in compliance with this Order or with any applicable requirements, laws or regulations of the FCA where it is required to report such non-compliance to the FCA;

(e) any known investigations of, or disciplinary action against, the Applicant by the FCA or any other regulatory authority to which it is subject; and

(f) the Applicant makes any material change to the eligibility criteria for Nova Scotia Users.

Semi-Annual Reporting

13. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a semi-annual basis (by July 31 for the first half of the calendar year and by January 31 of the following year for the second half), and at any time promptly upon the request of staff of the Commission:

(a) a current list of all Nova Scotia Users and whether the Nova Scotia User is registered under the securities laws of Nova Scotia or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Nova Scotia trading on the Applicant's Facility as customers of participants (**Other Nova Scotia Participants**);

(b) the legal entity identifier assigned to each Nova Scotia User, and, to the extent known by the Applicant, to Other Nova Scotia Participants in accordance with the standards set by the Global Legal Entity Identifier System;

(c) a list of all Nova Scotia Users whom the Applicant has referred to the FCA, or, to the best of the Applicant's knowledge, whom have been disciplined by the FCA with respect to such Nova Scotia Users' activities on the Applicant's Facility and the aggregate number of all participants referred to the FCA since the previous report by the Applicant;

(d) a list of all active investigations since the previous report by the Applicant relating to Nova Scotia Users and the aggregate number of active investigations since the previous report relating to all participants undertaken by the Applicant;

(e) a list of all applicants in Nova Scotia for status as a participant who were denied such status or access to the Applicant since the previous report, together with the reasons for each such denial; and

(f) for each product,

(i) the total trading volume and value on the Facility originating from Nova Scotia Users, and, to the extent known by the Applicant, from Other Nova Scotia Participants, presented on a per Nova Scotia User or per Other Nova Scotia Participant basis; and

(ii) the proportion of worldwide trading volume and value on the Facility conducted by Nova Scotia Users, and, to the extent known by the Applicant, by Other Nova Scotia Participants, presented in the aggregate for such Nova Scotia Users and Other Nova Scotia Participants;

provided in the required format.

Information Sharing

14. The Applicant will provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.