

IN THE MATTER OF
THE SECURITIES ACT, R.S.N.S. 1989, CHAPTER C.418, AS AMENDED (THE ACT)
AND
IN THE MATTER OF
BLOOMBERG TRADEBOOK SINGAPORE PTE LTD
ORDER
(Section 151A)

WHEREAS Bloomberg Tradebook Singapore Pte Ltd. (the **Applicant**) has filed an application dated June 13, 2022 (the **Application**) with the Nova Scotia Securities Commission (**Commission**) requesting an order for the following relief (collectively, the **Requested Relief**):

- (a) exempting the Applicant from the requirement to be recognized as an exchange and a derivatives trading facility under section 30J of the Act pursuant to section 151A of the Act; and
- (b) exempting the Applicant from the requirements in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) pursuant to section 15.1(1) of NI 21-101, the requirements of National Instrument 23-101 *Trading Rules* (**NI 23-101**) pursuant to section 12.1 of NI 23-101 and the requirements of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (**NI 23-103**) pursuant to section 10 of NI 23-103;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant is a private limited company incorporated under the laws of Singapore and a wholly owned direct subsidiary of Bloomberg L.P., a Delaware limited partnership;
2. The Applicant has obtained recognition by the Monetary Authority of Singapore (**MAS**) as a Recognized Market Operator (**RMO**);
3. The Applicant's current recognition as an RMO by the MAS, dated August 5, 2021, permits the Applicant to (i) operate an organised market (**OM**), and (ii) in respect of participants in Singapore, make available its OM to Professional Investors, Accredited Investors and Expert Investors, as such terms are defined within the Applicant's RMO Recognition Letter and the Singapore *Securities and Futures Act* (Cap. 289) (**SFA**);
4. The Applicant operates an OM, known as BTBS, for trading securities, units in a collective investment scheme, securities-based derivative contracts and over-the-counter derivatives contracts (the **Market Instruments**), but the subjects of this order are:
 - (a) any debt security (as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**)) that

is a foreign security (as defined in NI 31-103) or a debt security that is denominated in a currency other than the Canadian dollar, including:

- (i) debt securities issued by the United States (**U.S.**) government (including agencies or instrumentalities thereof);
- (ii) debt securities issued by a foreign government;
- (iii) debt securities issued by corporate or other non-governmental issuers (U.S. and foreign); and
- (iv) asset-backed securities (including mortgage backed securities), denominated in either U.S. or foreign currencies (collectively, **Foreign Debt Securities**).¹

Pursuant to a marketplace conduit arrangement with the Applicant's Canadian alternative trading system affiliate, Bloomberg Tradebook Canada Company (**Tradebook Canada**), the Applicant provides transaction negotiation services for unlisted debt securities, as that term is defined in NI 21-101, and any debt securities denominated in Canadian dollars (**Canadian Debt Securities**). Following the date that the Commission grants this order, the Applicant will continue to provide transaction negotiation services for Canadian Debt Securities only under the marketplace conduit arrangement with Tradebook Canada;

(b) swaps, including:

- (i) interest rate swaps (**IRS**), as defined in section 1a(47) of the U.S. *Commodity Exchange Act*;
- (ii) credit default swaps (**CDS**), as defined in section 1a(47) of the U.S. *Commodity Exchange Act*, including single-name (credit default) swaps;
- (iii) foreign exchange swaps (**FX**), as defined in section 1a(47) of the U.S. *Commodity Exchange Act* (but without regard to any exclusions from the definition), including precious metals swaps, foreign exchange spot and deposits; and

(c) any foreign securities as defined in NI 31-103 that are not debt securities as defined in NI 31-103 (**Foreign Non-Debt Securities**, and together with Foreign Debt Securities, IRS, CDS and FX, the **Nova Scotia Market Instruments**), including:

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

- (i) securities of foreign exchange-traded funds, which refers to a fund in continuous distribution that is incorporated, formed or created under the laws of a foreign jurisdiction; and
 - (ii) stock loans, which refer to securities lending arrangements in which securities are temporarily transferred from one party (the lender) to another party (the borrower) in return for a fee. Under the lending arrangement, the borrower is obliged to redeliver to the lender the securities or identical securities to those that were transferred or lent, either on demand or at the end of the loan term.
5. BTBS supports request-for-quote, request-for-trade and request-for-stream trade negotiation protocols that may be used to negotiate, but not legally execute, a trade in the following Market Instruments: equity shares, bonds, including sovereign bonds, credit bonds, and exchange-traded commodities and exchange-traded notes bond types, money market instruments, securities financing transactions (including repurchase transactions, buy-sell and sell-buy back transactions), exchange-traded funds, interest rate swaps, credit default swaps, foreign exchange derivatives (e.g., non-deliverable forwards and swaps, average rate forwards, options), deliverable foreign exchange derivatives (e.g., deliverable forwards and deliverable swaps), precious metal derivatives, OTC equity options, listed equity, index and exchange-traded funds options, foreign exchange spot and deposits.
6. The Applicant is subject to regulatory supervision by the MAS and is required to comply with applicable Singapore laws, subsidiary legislation, notices and guidelines issued by the MAS (collectively, 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 OM), and (iii) systems and controls (including rules on outsourcing, governance, record-keeping and conflicts of interest). The MAS 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 and that it has appropriate resources for the activities it carries on. 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 all its employees comply with their obligations under the Applicable Rules;
7. An OM is obliged under MAS rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and report to the MAS (i) significant breaches of the rules in the BTBS Rulebook, (ii) disorderly trading conditions, and (iii) conduct that may involve market abuse. As required by the Applicable Rules, the Applicant has implemented a trade surveillance program. As part of the program and as required by the MAS, the Applicant's Compliance Department conducts real-time market monitoring of certain trading activity on BTBS to identify disorderly trading and market abuse or anomalies. The trade surveillance program is designed to maintain a fair and orderly market for BTBS participants;

8. BTBS is available to participants via an approved service provider (Bloomberg Terminal access is provided this way) or via application programming interface (API), a non-Bloomberg API;
9. The Applicant requires that its Singapore participants be “professional investors” as defined in the Applicant’s recognition letter from the MAS, “accredited investors” or “expert investors” as defined in sections 4A(1)(a) and 4A(1)(b) of the SFA. Each prospective participant must: comply and ensure that its authorised traders comply, and, in each case, continue to comply, with the BTBS Rulebook and applicable law; have the legal capacity to trade in the Market Instruments it selects to trade on BTBS; have appropriate systems and arrangements for the orderly execution, clearance and/or settlement, as applicable, of transactions in all Market Instruments it selects to negotiate on BTBS; have all registrations, authorizations, approvals and/or consents required by applicable law in connection with the negotiation of Market Instruments on BTBS; have adequate experience, knowledge and competence to transact in the Market Instruments; have 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 not be a natural person, independent software provider, trading venue or unregulated organised trading platform or system;
10. All participants that are located in Nova Scotia, including participants with their headquarters or legal address in Nova Scotia (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-Nova Scotia branches of Nova Scotia legal entities), as well as any trader physically located in Nova Scotia who conducts transactions on behalf of any other entity (**Nova Scotia Participants**), are required to sign a user acknowledgment representing that they meet the criteria set forth in the user acknowledgment, including that they are appropriately registered under Nova Scotia securities laws, exempt from registration or not subject to registration requirements. The user acknowledgment requires a Nova Scotia Participant to make an ongoing representation each time it uses BTBS that it continues to meet the criteria set forth in the user acknowledgment. A Nova Scotia Participant is required to immediately notify the Applicant if it ceases to meet any of the above criteria represented by it on an ongoing basis;
11. Because BTBS sets requirements for the conduct of its participants and surveils certain trading activity of its participants, it is considered by the Commission to be an exchange. BTBS is also considered by the Commission to be a derivatives trading facility;
12. Because the Applicant seeks to provide Nova Scotia Participants with direct access to trading the Nova Scotia Market Instruments in accordance with the Requested Relief on BTBS, it 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; and
13. The Applicant has no physical presence in Nova Scotia and does not otherwise carry on business in Nova Scotia except as described herein;

14. The Applicant satisfies the criteria for exemption from the requirement to be recognized as an exchange and as a derivatives trading facility;

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'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 Applicant satisfies the criteria for exemption from the requirement to be recognized as an exchange and a derivatives trading facility and that the granting of the Requested Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that (a) pursuant to section 151A of the Act, the Applicant is exempt from recognition as an exchange and as a derivatives trading facility under section 30J of the Act, and (b) 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 in NI 21-101, NI 23-101 and NI 23-103,

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

DATED at Halifax, Nova Scotia this 27th day of July, 2022



Paul Radford, Q.C.
Chair
Nova Scotia Securities Commission

SCHEDULE "A"

TERMS AND CONDITIONS

Regulation and Oversight of the Applicant

1. The Applicant will maintain its recognition as a Recognised Market Operator (**RMO**) with the Monetary Authority of Singapore (**MAS**) to operate an organised market (**OM**) and will continue to be subject to the regulatory oversight of the MAS.
2. The Applicant will continue to comply with the ongoing requirements applicable to it as an RMO recognised by the MAS.
3. The Applicant will promptly notify the Commission if its recognition as an RMO has been revoked, suspended, or amended by the MAS, or the basis on which its recognition as an RMO has been granted has significantly changed.
4. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under section 30J of the Act in compliance with Nova Scotia securities law.

Access

5. The Applicant will not provide direct access to a participant in Nova Scotia including a participant with its headquarters or legal address in Nova Scotia (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- Nova Scotia branches of Nova Scotia legal entities), as well as any trader physically located in Nova Scotia who conducts transactions on behalf of any other entity (**Nova Scotia User**) unless the Nova Scotia User is appropriately registered as applicable under Nova Scotia securities laws or is exempt from or not subject to those requirements.
6. For each Nova Scotia User provided direct access to its OM, the Applicant will require, as part of its application documentation or continued access to the OM, the Nova Scotia User to represent that it is appropriately registered as applicable under Nova Scotia securities laws or is exempt from or not subject to those requirements.
7. 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 Nova Scotia securities laws 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 sends or responds to a request for quote, request for trade or request for stream, or otherwise uses the Applicant's OM.
8. The Applicant will require Nova Scotia Users to notify the Applicant if their registration as applicable under Nova Scotia securities laws 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 Applicant's OM if the Nova Scotia User is no longer appropriately registered or exempt from those requirements.

Trading by Nova Scotia Users

9. The Applicant will not provide access to a Nova Scotia User to trading in products other than the Nova Scotia Market Instruments set out in Representation 4, without prior Commission approval.

10. With respect to debt securities:

- (a) the Applicant will only permit Nova Scotia Users to trade Foreign Debt Securities² as defined in Representation 4;
- (b) the Applicant will only provide transaction negotiation services in accordance with the terms and conditions of Bloomberg Tradebook Canada Company's (**Tradebook Canada**) approval as an alternative trading system in Nova Scotia with respect to Canadian Debt Securities, as defined in Representation 4;

11. With respect to swaps, the Applicant will only permit Nova Scotia Users to trade IRS, CDS and FX, as defined in Representation 4;

12. With respect to equity securities, the Applicant will only permit Nova Scotia Users to trade Foreign Non-Debt Securities as defined in Representation 4;

13. The Applicant will only permit Nova Scotia Users to negotiate trades in those products outlined in terms and conditions 9 through 12 which are permitted to be traded in Singapore under applicable securities laws and regulations.

Submission to Jurisdiction and Agent for Service

14. 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.

15. The Applicant will maintain with 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.

² For greater certainty, this class of foreign debt securities includes the following money market instruments (U.S. and foreign): commercial paper, agency discount notes, government treasury bills, certificates of deposit, bankers' acceptances, promissory notes and bearer deposit notes.

Prompt Reporting

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

- (a) any authorization to carry on business granted by the MAS 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 MAS where it is required to report such non-compliance to the MAS;
- (e) any known investigations of, or disciplinary action against, the Applicant by the MAS 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

17. 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 Nova Scotia securities laws 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 OM as customers of Nova Scotia Users (**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 MAS, or, to the best of the Applicant's knowledge, whom have been disciplined by the MAS with respect to such Nova Scotia Users' activities on the Applicant's OM and the aggregate number of all participants referred to the MAS since the previous report by the Applicant;
- (d) a list of all active investigations since the last report by the Applicant relating to Nova Scotia Users and the aggregate number of active investigations since the last report relating to all participants undertaken by the Applicant;

- (e) a list of all Nova Scotia applicants for status as a participant who were denied such status or access to the Applicant since the last report, together with the reasons for each such denial;
- (f) for each product,
 - (i) the total trading volume and value 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 Applicant's OM 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

18. 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.