

## Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – relief from the requirement to engage a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards – relief subject to updated management reviews of systems and controls similar in scope to that which would have applied to an independent systems review – National Instrument 21-101 *Marketplace Operation*.

## Applicable Legislative Provisions

- Section 12.2 of NI 21-101; and
- Section 15.1 of NI 21-101.

**Citation: Re Perimeter Markets Inc., 2022 ABASC 5**

**Date: 20220125**

In the Matter of  
the Securities Legislation of  
Alberta, Saskatchewan, Manitoba, Québec, Ontario, New Brunswick, Nova Scotia,  
Prince Edward Island and Newfoundland and Labrador  
(the **Jurisdictions**)  
and

In The Matter of  
the Process for Exemptive Relief Applications in Multiple Jurisdictions  
  
and

In The Matter of  
Perimeter Markets Inc.  
(the **Filer**)

## **Decision**

## Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for a permanent exemption pursuant to section 15.1 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) from s. 12.2 of NI 21-101 which requires that the Filer annually engage a qualified party to conduct an independent systems review (**ISR**) and prepare a report in accordance with established audit standards (the **Exemptive Relief Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Ontario Securities Commission (the **Commission**) is the principal regulator for this application, and

- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

### **Interpretation**

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

### **Representations**

This decision is based on the following facts represented by the Filer:

1. Perimeter Markets Inc. (**PMI**) is a corporation established under the laws of the Province of Ontario and its principal business is to operate an alternative trading system (**ATS**) as that term is defined in NI 21-101;
2. The head office of PMI is located in Toronto, Ontario;
3. PMI is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Canadian Investor Protection Fund (**CIPF**) and is registered in all provinces as a dealer in the category of investment dealer;
4. Bondview and CBID are the trademark ATS platforms of PMI (**PMI Systems**);
5. PMI operates the PMI Systems exclusively for trading over-the-counter, fixed income securities;
6. The PMI Systems are not connected to any other marketplaces and cannot affect any other marketplace or be affected by any other marketplace, whether fixed income or otherwise;
7. For each of PMI's Systems that support order entry, order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing, PMI has developed and maintains:
  - reasonable business continuity and disaster recovery plans;
  - an adequate system of internal control over those systems; and
  - adequate information technology general controls, including, without limitation, controls relating to information systems operations, information security, change management, problem management, network support, and system software support.
8. In accordance with prudent business practices, on a reasonably frequent basis and, in any event, at least annually, PMI:
  - makes reasonable current and future capacity estimates;

- conducts capacity stress tests to determine the ability of its systems to process transactions in an accurate, timely, and efficient manner;
  - tests its business continuity and disaster recovery plans; and
  - reviews the vulnerability of the PMI Systems and data centre computer operations to internal and external threats including physical hazards and natural disasters.
9. PMI's current trading and order entry volumes in the PMI Systems are less than ten percent of the current design and peak capacity of the PMI Systems and PMI has not experienced any failure of the PMI Systems;
  10. The PMI Systems transaction volume is less than 300 trades per day;
  11. The estimated cost to PMI of an annual ISR by a qualified third party would represent a significant portion of PMI's annual net income;
  12. The PMI Systems are monitored 24 hours a day, 7 days a week to ensure that all components continue to operate and remain secure;
  13. PMI shall promptly notify Staff of the Commission of any failure to comply with the representations set out herein;
  14. The cost of an ISR is prejudicial to PMI and represents a disproportionate impact on PMI's revenue; and
  15. The Filer is not in default of the Legislation in any of the Jurisdictions.

### **Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted provided that:

1. PMI must promptly notify Staff of the Commission of any material changes to its governance and organizational structure, its systems and technology infrastructure, and its share of trading in unlisted debt securities as that term is defined in NI 21-101;
2. PMI must promptly notify Staff of the Commission of any material changes to its annual net income;
3. PMI must complete an annual management review of the PMI Systems and of its controls, similar in scope to that which would have applied had PMI undergone an ISR (**Management Reviews**) and should any material concern arise relating to its systems and

controls, PMI must notify the Commission which will consider whether the Exemptive Relief Sought should be revoked; and

4. PMI must prepare and submit written reports of its Management Reviews upon request by Staff of the Commission, which shall be submitted to Staff of the Commission no later than 30 days after the request is made.

"Tracey Stern"

Tracey Stern  
Manager, Market Regulation Ontario Securities Commission