

ALBERTA SECURITIES COMMISSION

EXEMPTION ORDER EXCHANGE RECOGNITION

Citation: Re trueEX LLC, 2018 ABASC 13

Date: 20180122

trueEX LLC

Background

1. trueEX LLC (the **Applicant**) seeks from the Alberta Securities Commission (the **Commission**) an order pursuant to section 213 of the *Securities Act* (Alberta) (the **Act**) exempting the Applicant from the exchange recognition requirement under section 62 of the Act.
2. The Applicant obtained permanent registration with the United States (**US**) Commodity Futures Trading Commission (the **CFTC**) to operate a swap execution facility (**SEF**) and it is also regulated by the CFTC as a designated contract market (**DCM**).

Interpretation

3. Terms defined in the Act or in National Instrument 14-101 *Definitions* have the same meaning in this order unless otherwise defined herein.

Representations

4. The Applicant represents as follows:
 - (a) The Applicant is a limited liability company organized under the laws of Delaware and is a wholly owned subsidiary of trueEX Group LLC, a Delaware privately held limited liability company.
 - (b) The Applicant provides an electronic platform for trading and execution services for interest rate swaps as both a DCM and a SEF.
 - (c) The Applicant conducts market surveillance of its marketplace to comply with CFTC regulations.
 - (d) The Applicant offers direct access to its SEF to participants located in Alberta that are "eligible contract participants" as defined in the US *Commodity Exchange Act* (**Alberta Participants**). By offering such access to Alberta Participants, the Applicant carries on business as an exchange in Alberta.
 - (e) The Applicant has no physical presence in Alberta and will not carry on business in Alberta except as described in this order.

Undertakings

5. The Applicant undertakes:

- (a) to maintain its CFTC registration as a SEF and to comply with all requirements applicable to CFTC-registered SEFs;
- (b) to notify the Commission promptly:
 - (i) if the Applicant's registration as a SEF with the CFTC is revoked, suspended or amended by the CFTC, or if there is a significant change from the basis on which it obtained such CFTC registration; and
 - (ii) of any investigation of the Applicant of which the Applicant has knowledge, or any disciplinary action against the Applicant, by the CFTC or any other regulatory authority to which the Applicant is subject;
- (c) not to provide direct access to an Alberta Participant unless the participant is a registrant in Alberta or exempt from registration under Alberta securities laws;
- (d) to provide direct access to an Alberta Participant only to its SEF and not to its DCM;
- (e) to file with the Commission, within 30 days after the end of each calendar quarter, a statement setting out:
 - (i) total volumes of derivatives traded in the quarter through the SEF of the Applicant worldwide, and the portion thereof traded through direct access in Alberta;
 - (ii) the names and principal addresses of all Alberta Participants and their trading volumes in the quarter, computed by separating buy-sides and sell-sides for each contract available to be traded through the SEF of the Applicant;
 - (iii) a list of all Alberta Participants against whom disciplinary action has been taken in the last quarter by the Applicant;
 - (iv) a list of all investigations by the Applicant relating to Alberta Participants and active during the quarter; and
 - (v) a list of all persons or companies located in Alberta that had sought, but during the quarter were denied, access to trade on the Applicant's SEF, together with the reasons for each such denial;
- (f) to file a document evidencing the Applicant's submission to the non-exclusive jurisdiction of the courts and administrative tribunals of Alberta in any proceeding

arising out of, related to, concerning, or in any other manner connected with, the Applicant carrying on business as an exchange in Alberta;

- (g) to maintain a valid and binding appointment of an agent for service in Alberta upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, relating to, concerning, or in any other manner connected with, the Applicant carrying on business as an exchange in Alberta; and
- (h) promptly to provide to the Commission any information that a Commission representative may request.

Decision

- 6. Based on the representations above, the Commission orders under section 213 of the Act that the Applicant is exempt from section 62 of the Act with respect to its offering of swaps on its SEF to Alberta Participants for so long as the Applicant satisfies the undertakings herein.

For the Commission:

“original signed by”

Stan Magidson,
Chair & CEO

“original signed by”

Tom Cotter,
Vice-Chair