



Canadian Foundation *for*
Advancement *of* Investor Rights
Fondation canadienne *pour* l'avancement
des droits *des* investisseurs

May 13, 2019

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Fax : 514-864-6381
consultation-en-cours@lautorite.gc.ca

IIROC
Victoria Pinnington
Senior Vice President, Market Regulation
Investment Industry Regulatory Organization of Canada
Suite 2000, 121 King Street West
Toronto, Ontario M5H 3T9
vpinnington@iroc.ca

RE: Joint CSA/IIROC Consultation Paper 21-402 Proposed Framework for Crypto-Asset Trading Platforms

FAIR Canada is pleased to offer comments on Joint CSA/IIROC Consultation Paper 21-402 proposed framework for crypto-asset trading platforms (“CP 21-402”) that is intended to establish a framework that provides regulatory clarity to platforms that facilitate the buying and selling or transferring of crypto assets (“Platforms”) to address risks to investors and creates greater market integrity.

FAIR Canada supports the proposed framework for the regulation of crypto-asset trading platforms as described in CP 21-402.

The proposed framework is based on the existing regulatory framework applicable to marketplaces and incorporates relevant requirements for dealers facilitating trading or dealing in securities. It is tailored to take into account the functions that may be performed by each Platform. Specifically, a Platform that brings together orders of buyers and sellers of securities and uses non-discretionary methods for these orders to interact is a marketplace. This may require registration of the Platform as an exchange, or if not as an alternative trading system (“ATS”). Certain derivatives requirements may also apply if a Platform trades assets that should be classified as derivatives. As noted in CP 21-402, “some Platforms are hybrid in nature and may perform functions typically performed by one or more of the following types of market participants: ATS, exchanges, dealers, custodians and clearing agencies.”

The proposed framework contemplates Platforms becoming registered as investment dealers and becoming IIROC dealer and marketplace members. This poses challenges and raises questions regarding IIROC’s capacity to surveil and supervise these Platforms if multiple applicants become registered. CP 21-402 states that a Platform will be required to provide fair prices, and asks what factors should be considered. This may be challenging with respect to cryptocurrencies that trade on multiple Platforms around the world, whose prices vary widely, and are very volatile.

FAIR Canada is supportive of the proposed framework to the extent that it thoroughly identifies risks and provides a robust framework of requirements that addresses the need for strict risk controls on markets in order to protect the interests of investors in crypto assets.

We thank you for the opportunity to provide our comments and views in this response. We welcome its public posting and would be pleased to discuss this letter with you at your convenience. Feel free to contact Ermanno Pascutto at 647-256-6693 / ermanno.pascutto@faircanada.ca or Douglas Walker at 647-256-6690 / douglas.walker@faircanada.ca.

Sincerely,



Ermanno Pascutto
Executive Director
Canadian Foundation for Advancement of Investor Rights

FAIR Canada is a national, charitable dedicated to putting investors first. As a voice for Canadian investors, FAIR Canada is committed to advocating for stronger investor protections in securities regulation. Visit www.faircanada.ca for more information.