

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, SASKATCHEWAN, ALBERTA,
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, NEWFOUNDLAND AND
LABRADOR, NORTHWEST TERRITORIES,
NUNAVUT AND YUKON
(THE JURISDICTIONS)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
CANDEAL.CA INC. (CANDEAL) AND
TRADEWEB LLC (TRADEWEB),
COLLECTIVELY, THE FILERS

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Maker**") has received an application (the "**Application**") from the Filers for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") requesting that,

(a) a decision dated April 2, 2008 (the "**2008 Decision**") be revoked and replaced by a new decision set forth herein which has been amended to reflect the elimination of the registration category of international dealer that existed in Ontario and Newfoundland and Labrador upon the coming into force of National Instrument 31-103 *Registration Requirements and Exemptions* ("**NI 31-103**") on September 28, 2009; and

(b) the relief granted to the Filers in the 2008 Decision be continued under this new decision (collectively, the "**Exemptive Relief Sought**").

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

(c) the Ontario Securities Commission (the "**OSC**") is the principal regulator for this application, and

(d) 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.

In this decision:

1. Approved Customers means Permitted Dealer Participants and other sophisticated institutions, other than individuals, that (a) are customers of the Permitted Dealer Participants; (b) are enabled by a Permitted Dealer Participant to use the TradeWeb System; and (c) meet the definition of "Institutional Investor" as defined in Schedule A to this Decision,
2. ATS means alternative trading system,
3. Non-Canadian Fixed-Income Securities means (i) U.S. government securities, including U.S. Treasury securities, STRIPS, and discount notes; securities issued by U.S. governmental agencies, including Ginnie Mae securities; securities issued by government sponsored enterprises, including Fannie Mae, Freddie Mac, Sallie Mae, and Federal Home Loan Bank System securities; and securities issued by the International Bank for Reconstruction and Development (the World Bank), the Inter-American Development Bank, the Asian Development Bank, the European Investment Bank and supranational issuers; (ii) debt securities issued by governments in the European Economic Area and Asia; (iii) corporate debt securities including U.S. and non-U.S. investment grade and non-investment grade corporate bonds denominated in U.S. dollars and Euros; (iv) debt securities of Canadian issuers issued outside of Canada and denominated in other than Canadian dollars; (v) European mortgage bonds (Pfandbriefe/covered bonds) issued by European private mortgage banks and public sector credit institutions for the purpose of funding mortgage loans; (vi) money market instruments, including commercial paper, deposits, certificates of deposits, bills and short government securities denominated in U.S. dollars, Euros, Swiss Francs, British Pounds, Japanese Yen, Swedish Krona, and Danish Krone; and (vii) convertible bonds,
4. Derivative Instruments means contracts for differences, including interest rate swap contracts and credit default swap contracts,
5. Permitted Dealer Participants means brokers and investment dealers who agree under contractual arrangements with CanDeal and TradeWeb that their use of the TradeWeb System will comply with applicable securities laws, and
6. TradeWeb System means the TradeWeb electronic trading system which facilitates orders in fixed-income securities and derivative instruments in the U.S. and other jurisdictions.

Representations

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

1. CanDeal's head office is located in Ontario. CanDeal is registered as an investment dealer in each of the Jurisdictions and is a member of the Investment Industry Regulatory Organization of Canada ("**IIROC**").

2. CanDeal operates an ATS in Canada which permits institutional customers to access multi-dealer online fixed income trading.

3. IIROC acts as CanDeal's regulation services provider with respect to trading in respect of Canadian fixed income instruments.

4. TradeWeb is a Delaware limited liability company and is regulated as an ATS in the U.S. TradeWeb is registered as a broker-dealer with the United States Securities and Exchange Commission ("**SEC**") and is a member of the Financial Regulatory Authority ("**FINRA**").

5. TradeWeb operates the TradeWeb System.

6. The TradeWeb System facilitates trading in U.S. government securities, non-U.S. sovereign debt securities, corporate debt securities (including convertible bonds), money market instruments and Derivative Instruments. Through TradeWeb, Canadian customers are permitted to trade as and when available in non-U.S. dollar denominated fixed income securities that are offered by European dealers over the TradeWeb system through TradeWeb Europe Ltd., a company licensed by the U.K. Financial Services Authority ("**U.K. F.S.A.**"). Specifically, the TradeWeb system will facilitate trading in Non-Canadian Fixed-Income Securities and Derivative Instruments.

7. The TradeWeb system will be available in Canada to Approved Customers through CanDeal.

8. TradeWeb and CanDeal have entered into a technology and services agreement whereby (i) TradeWeb, utilizing CanDeal as the "client-facing entity", offers trading in Non-Canadian Fixed-Income Securities and Derivative Instruments to Approved Customers, (ii) utilizing TradeWeb, CanDeal makes Canadian fixed-income securities available in foreign jurisdictions, and (iii) the CanDeal platform has been migrated to and maintained on the TradeWeb network.

9. In addition to the Canadian customer's contractual relationship with CanDeal, Canadian customers that access TradeWeb's services will have the benefit of U.S. and U.K. law protections available to TradeWeb customers by virtue of TradeWeb's status as a registered broker-dealer and a member of FINRA in the U.S. and TradeWeb Europe Ltd.'s status as an authorized investment firm with the U.K. F.S.A. with permission to operate a multi-lateral trading facility.

10. TradeWeb's participating U.S. and European-based liquidity providers which propose to transact ("**Liquidity Providers**") with Canadian customers may or may not be registered as dealers in any of the Jurisdictions. TradeWeb will not act as a Liquidity Provider on the CanDeal marketplace and will only licence the use of its technology to CanDeal. If not registered as a dealer in a Jurisdiction, a Liquidity Provider will rely on the registration exemption for international dealers contained in section 8.18 of NI 31-103 ("**International Dealer**

Exemption") in such Jurisdiction and transact only with "permitted clients" within the meaning of NI 31-103.

11. In *Re National Instrument 31-103 Registration Requirements and Exemptions, Miller Tabak Roberts Securities, LLC and Certain Other International Dealers* (2009), 32 O.S.C.B. 8032 (the "**Related Exemption Order**"), the International Dealer Exemption and the related transition period for notice to existing clients contained in section 16.18 of NI 31-103 ("**Prescribed Notice**") was modified to provide the following transitional relief:

(a) for a period of one year, persons or companies that were registered international dealers immediately before the coming into force of NI 31-103 ("**Former International Dealers**") will continue to be permitted to trade debt securities that are not foreign securities outside of their distribution, and

(b) for a period of six months, Former International Dealers will be permitted to carry on business in reliance on the exemption in section 8.18 of NI 31-103 without having delivered the Prescribed Notice to their existing clients.

12. TradeWeb and its Liquidity Providers which are relying on the International Dealer Exemption may also rely on the modifications to the International Dealer Exemption in the Related Exemption Order as forming part of the current regulation of Former International Dealers in 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 Makers in each of Alberta, Manitoba, Ontario, Nova Scotia, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon grant relief to the Filers from the requirement to pay applicable fees in connection with the Application.

The relief granted to the Filers in the 2008 Decision shall be continued in this decision as follows:

(a) relief from the requirement that TradeWeb become registered as a dealer and become a member of a self-regulatory entity before carrying on business as an ATS;

(b) relief from restrictions in the Legislation that prohibit CanDeal, Liquidity Providers and TradeWeb, acting through CanDeal, from offering trading in Non-Canadian fixed income securities;

(c) relief from restrictions in the Legislation, if any, that may prohibit CanDeal and TradeWeb, acting through CanDeal, from offering trading in Derivative Instruments; and

(d) relief from the requirement that TradeWeb enter into agreements meeting certain conditions with both regulation service providers and its customers before offering trading in Non-Canadian fixed income securities and Derivative Instruments.

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

1. TradeWeb will only offer trading in Non-Canadian Fixed-Income Securities and Derivative Instruments to Canadian customers through CanDeal.
2. CanDeal and TradeWeb will only offer trading in Non-Canadian Fixed-Income Securities and Derivative Instruments to Approved Customers.
3. CanDeal will remain an authorized ATS pursuant to the Legislation.
4. CanDeal will remain registered as an investment dealer in each of the Jurisdictions and a member of the IIROC.
5. Liquidity Providers trading with customers in a Jurisdiction and TradeWeb will rely on and comply with the International Dealer Exemption and/or any Related Exemption Order in such Jurisdiction if not registered as a dealer in such Jurisdiction. For greater certainty, Liquidity Providers will only transact with "permitted clients" for the purposes of NI 31-103 and notwithstanding the expiry of the Related Exemption Order, Liquidity Providers will continue to be permitted to trade debt securities that are not foreign securities outside of their distribution.
6. CanDeal will certify in a quarterly filing with the Decision Makers that all trades with Canadian customers in a Jurisdiction were executed through Liquidity Providers which were registered or relying on the International Dealer Exemption and/or any Related Exemption Order in such Jurisdiction.
7. TradeWeb will remain registered with the SEC and a member in good standing of FINRA.
8. TradeWeb Europe Ltd. will remain an authorized investment firm with the U.K. F.S.A. with permission to operate a multi-lateral trading facility.
9. TradeWeb and CanDeal will immediately notify the Decision Makers if any proceedings of a material or non-administrative nature have been filed or regulatory action has been taken against TradeWeb by any foreign regulator.
10. The TradeWeb account agreement sets out the contractual relationship with TradeWeb governing trading services and also with CanDeal in an addendum. The addendum is signed by the customer and describes the relationship between CanDeal and TradeWeb. The addendum also discloses that TradeWeb LLC is a non-Canadian resident company and that proceedings and enforcement against it may be more difficult than if it were resident in Canada. CanDeal's Canadian customers that access TradeWeb's services will have recourse against CanDeal as an authorized ATS, registered investment dealer and IIROC member.

11. New CanDeal customers receive an addendum that sets out the contractual relationship between TradeWeb and CanDeal.
12. Canadian unlisted debt securities that are introduced on TradeWeb will be subject to all applicable Canadian transparency requirements.
13. The arrangements between TradeWeb and CanDeal will remain in all material respects as described to the Decision Makers. Subsequent material changes are subject to prior approval of each of the Decision Makers, except the Decision Makers in British Columbia, Alberta, Manitoba, Saskatchewan and the Northwest Territories.
14. TradeWeb will not subcontract or delegate the performance of its obligations to CanDeal without prior approval of each of the Decision Makers, except the Decision Makers in British Columbia, Alberta, Manitoba, Saskatchewan and the Northwest Territories.
15. TradeWeb will provide all required documents as requested by the Decision Makers and the IIROC as the applicable regulation services provider.

Dated this 26th day of August, 2010

"Susan Greenglass"
Director
Ontario Securities Commission