



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, 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 relief from the requirements in the Legislation that the Filer annually engage a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards (collectively, an "ISR") for each year from 2015 to 2017 inclusive (the Exemptive Relief Sought).

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

- (a) the Ontario Securities Commission ("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. ("Perimeter") 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 defined in National Instrument 21-101 Marketplace Operation;
2. The head office of Perimeter is located in Toronto, Ontario;
3. Perimeter is a member of the Investment Industry Regulatory Organization of Canada, the Canadian Investor Protection Fund and the Bourse de Montréal and is registered in all provinces as a dealer in the category of investment dealer, as a derivatives dealer in Québec and as a futures commission merchant in Ontario and Manitoba;
4. Bondview and CBID are trademarks of Perimeter;
5. The Perimeter System is an ATS exclusively for trading over-the-counter fixed income securities;
6. The Perimeter System is not connected to any other fixed income marketplace, and cannot affect another fixed income marketplace or be affected by another fixed income marketplace;
7. For each of its systems that support order entry, order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing, Perimeter has developed and maintains:
 - reasonable business continuity and disaster recovery plans;
 - an adequate system of internal control over those systems;
 - 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 practice, on a reasonably frequent basis and, in any event, at least annually, Perimeter:
 - makes reasonable current and future capacity estimates;
 - conducts capacity stress tests to determine the ability of those 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 Perimeter System and data centre computer operations to internal and external threats including physical hazards, and natural disasters;

9. Perimeter's current trading and order entry volumes in the Perimeter System are less than 10% of the current design and peak capacity of the Perimeter System and Perimeter has not experienced any failure of the Perimeter System;
10. The Perimeter System transaction volume is less than 300 trades per day;
11. The estimated cost to Perimeter of an annual independent systems review by a qualified third party would represent a significant portion of Perimeter's annual net income;
12. The Perimeter System is monitored 24 hours a day, 7 days a week to ensure that all components continue to operate and remain secure;
13. Perimeter shall promptly notify the Commission of any failure to comply with the representations set out herein; and
14. The cost of an ISR is prejudicial to Perimeter and represents a disproportionate impact on Perimeter's revenue.

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. Perimeter shall promptly notify the Commission of any material changes to the representations set out herein, including any material changes to Perimeter's annual net income or to the market share or daily transaction volume of the Perimeter System; and
2. Perimeter shall, in each year from 2015 to 2017 inclusive, complete updated management reviews of the Perimeter System and of its controls, similar in scope to that which would have applied had Perimeter undergone an independent systems review, for ensuring it continues to comply with the representations set out herein and shall prepare written reports of its reviews which shall be filed with staff of the Commission no later than 30 days after January 1st of each year.

DATED this 16th day of February, 2016



Tracey Stern, Manager
Ontario Securities Commission

