



THE MANITOBA
SECURITIES
COMMISSION

THE SECURITIES ACT)
)
Section 15.1 of NI 21-101)
Section 12.1 of NI 23-101)
Section 10 of NI 23-103)

Order No. 7556

February 24, 2021

CO-ORDINATED REVIEW

DETERMINATION

TRUMID FINANCIAL, LLC

The Manitoba Securities Commission makes the same determination on the application as the Principal Jurisdiction, a copy of which is attached, and opts in on the attached Decision Document.

Director

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

AND

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

AND

IN THE MATTER OF
TRUMID FINANCIAL, LLC ("Trumid")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions ("**Decision Maker**") has received an application from Trumid ("**Application**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption from (i) National Instrument 21-101 *Marketplace Operation* ("**NI 21-101**") in whole; (ii) National Instrument 23-101 *Trading Rules* ("**NI 23-101**") in whole; and (iii) National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* ("**NI 23-103**") and, together with NI 21-101 and NI 23-101, the "**Marketplace Rules**") in whole (the "**Exemptive Relief Sought**")

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

- a) The Ontario Securities Commission is the principal regulator for the Exemptive Relief Sought, and
- b) The decision on the Exemptive Relief Sought 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 Trumid:

1. Trumid is a limited liability company existing under the laws of Delaware in the United States (the "**U.S.**"), with its head office located in New York, New York, U.S.

2. Trumid was founded in 2014 and operates as the electronic service provider of a USD fixed income securities trading platform for institutional clients.
3. Trumid does not have any offices or maintain other physical installations in the Jurisdictions.
4. Trumid has a technology affiliate, Trumid Technologies, LLC, which developed the trade matching platform and licenses the application for Trumid to operate. Both Trumid and Trumid Technologies, LLC, are wholly-owned subsidiaries of Trumid Holdings, LLC. All entities are under common management and control.
5. Trading of USD fixed income securities is facilitated through Trumid's Market Center (2.0) interface (the "**Platform**"). Trumid's technology solution is html5 based and offered over the internet. Through this software, Trumid's clients can access the functionality of the Platform to access available trades in USD fixed income securities on the Platform. There are no retail clients on the Platform.
6. It is expected that certain Canadian institutional investors wish to become clients of Trumid in order to access the liquidity afforded by the robust, existing network of clients.
7. The prospective participants in the Jurisdictions (the "**Canadian Participants**") will be comprised only of institutional investors that qualify as permitted clients as that term is defined in Section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)*.
8. Trumid will confirm that Canadian Participants that seek to participate on the Platform are institutional investors who qualify as permitted clients, as such term is defined in section 1.1 of NI 31-103, by obtaining a representation from the Canadian Participants for access to the Platform in their onboarding documentation. The documentation will specify that this representation is deemed to be repeated by the Canadian Participant each time it enters an order for a trade on the Platform.
9. Trumid relies on the "international dealer exemption" under section 8.18 of NI 31-103 in the Jurisdictions for any trading in securities with permitted clients located in the Jurisdictions. Trumid is not registered in any capacity under the Legislation.
10. Trumid is subject to a comprehensive regulatory regime in the U.S. Trumid is regulated and operating in the U.S. as an ATS registered with the U.S. Securities Exchange Commission ("**SEC**") (SEC#: 8-69500) as broker-dealer pursuant to Rule 301(b) of the *Regulation ATS under 1934 Securities Exchange Act* and is a member of Financial Industry Regulatory Authority (CRD#: 172129), the U.S. equivalent of Investment Industry Regulatory Organization of Canada.
11. Trumid is not in default of securities legislation in any jurisdiction.
12. Trumid seeks to provide Canadian institutional investors with direct, electronic access to trading in any debt security that is a foreign security or a debt security that is denominated in U.S. dollars, as such terms are defined in NI 31-103, including:
 - (a) debt securities issued by the U.S. government (including agencies or instrumentalities thereof);
 - (b) debt securities issued by a foreign government;
 - (c) debt securities issued by corporate or other non-governmental issuers (U.S. and foreign) or

- (d) asset-backed securities (including mortgage backed securities),
(collectively, "**Foreign Fixed Income Securities**").
13. As an ATS, Trumid is prohibited from carrying on business in the Jurisdictions unless it complies with or is exempted from the Marketplace Rules.
 14. In order to obtain direct access to the Platform, a Canadian Participant must agree to abide by the Trumid Rulebook.
 15. Trumid will also require Canadian Participants to sign a user agreement agreeing to the terms and conditions of the use of the Platform, including clear and transparent access criteria and requirements for all market participants on the Platform, as well as minimum financial requirements for participants to maintain the financial integrity of the Platform. Trumid applies these criteria to all Platform participants in an impartial manner.
 16. In addition to complying with the Trumid Rulebook and all applicable laws pertaining to the use of the Platform, prospective clients must also satisfy those requirements of Trumid's third-party intermediary. For the purpose of trading on the Platform, the intermediary acts as executing broker and will complete credit, know-your-client and anti-money laundering verifications, suitability analyses and other account supervision procedures prior to entering into clearing agreements with all users and on an ongoing basis in accordance with the Legislation and Trumid requirements. The third-party intermediary has represented to Trumid that it is appropriately registered or relies on an exemption from registration under the Legislation to carry on this activity.
 17. Trumid will only permit trading in Foreign Fixed Income Securities that are permitted to be traded in the United States under applicable securities laws and regulations.
 18. All trades on Trumid are for securities which are TRACE-eligible. Trumid displays orders of fixed income securities and provides accurate and timely information regarding orders. Additionally, Trumid automatically reports all transactions to TRACE in a timely manner (within fifteen (15) minutes) via FIX, and would report transactions of Canadian Participants in the same manner as it reports U.S.-based participant trades. Trade information is consistent with FINRA TRACE reporting standards and includes information regarding the type of counterparty, issuer, class or series of the security (achieved through the inclusion of the security's unique identifier), coupon, maturity, price of trade, time of trade and volume of trade, capped at \$5mm+ for investment grade securities or \$1mm+ for non-investment grade securities. Trumid's reporting does not absolve any participants of their own regulatory reporting requirements.
 19. Trumid acknowledges that the Decision Makers will monitor developments in international and domestic capital markets and Trumid's activities on an ongoing basis to determine whether it is appropriate for the Decision Makers to continue to grant the Exemptive Relief Sought and, if so, whether it is appropriate for the Exemptive Relief Sought to continue to be granted subject to the terms and conditions set out in Schedule A to this decision.
 20. Trumid acknowledges that the scope of the Exemptive Relief Sought and the terms and conditions imposed by the Decision Makers set out in Schedule A to this decision may change as a result of the Decision Makers' monitoring of developments in international and domestic capital markets or Trumid's activities, or as a result of any changes to the Legislation affecting trading in derivatives, commodity futures contracts, commodity futures options or securities.

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 Trumid complies with the terms and conditions attached hereto as Schedule A.

A handwritten signature in black ink, appearing to be 'Susan Greenglass', written over a horizontal line.

Susan Greenglass
Director, Market Regulation
Ontario Securities Commission

Schedule A
TERMS AND CONDITIONS

Regulation and Oversight

1. Trumid will continue to be subject to the regulatory oversight of the regulator in its home jurisdiction;
2. Trumid will either be registered in an appropriate category or rely on an exemption from registration under Canadian securities laws;
3. Trumid will promptly notify the Decision Makers if its status in its home jurisdiction has been revoked, suspended, or amended, or the basis on which its status has significantly changed;

Access

4. Trumid will not provide direct access to a Canadian Participant unless the Canadian Participant is a permitted client as that term is defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;
5. Trumid will require Canadian Participants to provide prompt notification to Trumid if they no longer qualify as permitted clients;
6. Trumid must make available to Canadian Participants appropriate training for each person who has access to trade on the Platform;

Trading by Canadian Participants

7. Trading on Trumid by Canadian Participants must be cleared and settled through a clearing agency that is regulated as a clearing agency by the clearing agency's applicable regulator;
8. Trumid will permit Canadian Participants to only trade those securities which are permitted to be traded in the United States under applicable securities laws and regulations;
9. Trumid will only allow Canadian Participants to trade those fixed income securities listed in representation number 12 of this decision.
10. Trumid will automatically report all transactions of Canadian Participants to TRACE in a timely manner (within fifteen (15) minutes via FIX). This trade information is consistent with FINRA TRACE reporting standards.

Reporting

11. Trumid will promptly notify Staff of the Decision Makers of any of the following:
 - (a) any material change to its business or operations or the information provided in its application for exemptive relief, including, but not limited to:
 - (i) changes to its regulatory oversight;
 - (ii) the access model, including eligibility criteria, for Canadian Participants;
 - (iii) systems and technology; and
 - (iv) its clearing and settlement arrangements;

- (b) any material change in its regulations or the laws, rules, and regulations in the home jurisdiction relevant to the products traded;
- (c) any known investigations of, or regulatory action against, Trumid by the regulator in the home jurisdiction or any other regulatory authority to which it is subject;
- (d) any matter known to Trumid that may affect its financial or operational viability, including, but not limited to, any significant system failure or interruption; and
- (e) any default, insolvency, or bankruptcy of any participant known to Trumid or its representatives that may have a material, adverse impact upon Trumid or any Canadian Participant;

12. Trumid will maintain the following updated information and submit such information in a manner and form acceptable to staff of the Decision Makers on a semi-annual basis (within 30 days of the end of each six-month period), and at any time promptly upon the request of staff of the Decision Makers:

- (a) a current list of all Canadian Participants, organized on a per provincial and territorial basis, specifically identifying for each Canadian Participant the basis upon which it represented to Trumid that it could be provided with direct access;
- (b) a list of all Canadian applicants for status as a Canadian Participant on a per provincial and territorial basis who were denied such status or access or who had such status or access revoked during the period;
 - (i) for those Canadian applicants for status as Canadian Participants who had their access to such status denied, an explanation as to why their access was denied;
 - (ii) for those Canadian Participants who had their status revoked, an explanation as to why their status was revoked;
- (c) for each product:
 - (i) the total trading volume and value originating from Canadian Participants, presented on a per provincial and territorial participant basis, and
 - (ii) the proportion of worldwide trading volume and value on Trumid conducted by Canadian Participants, presented in the aggregate for such Canadian Participants on a per provincial and territorial basis; and
- (d) a list of any system outages that occurred for any system impacting Canadian Participants' trading activity on the Platform which were reported to the regulator in Trumid's home jurisdiction;

Disclosure

13. Trumid will provide to its Canadian Participants disclosure that states that:

- (a) rights and remedies against it may only be governed by the laws of the home jurisdiction, rather than the laws of Canada, and may be required to be pursued in the home jurisdiction rather than in Canada;
- (b) the rules applicable to trading on Trumid may be governed by the laws of the home jurisdiction, rather than the laws of Canada; and

- (c) Trumid is regulated by the regulator in its home jurisdiction, rather than the Decision Makers;

Submission to Jurisdiction and Appointment of Agent for Service

- 14. With respect to a proceeding brought by the Decision Makers, staff of the Decision Makers or another applicable securities regulatory authority in Canada arising out of, related to, concerning, or in any other manner connected with that securities regulatory authority's regulation and oversight of the activities of Trumid in Canada, Trumid will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of that securities regulatory authority's province or territory, and (ii) an administrative proceeding in that province or territory;
- 15. Trumid will submit to the Decision Makers a valid and binding appointment of an agent for service in those jurisdictions upon which the applicable securities regulatory authorities may serve a notice, pleading, subpoena, summons, or other process in any action, investigation, or administrative, criminal, quasi-criminal, penal, or other proceeding arising out of or relating to or concerning the applicable securities regulatory authorities' regulation and oversight of Trumid's activities in Canada;

Information Sharing

- 16. Trumid must, and must cause its affiliated entities, if any, to promptly provide to the applicable securities regulatory authorities, on request, any and all data, information, and analyses in the custody or control of Trumid or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:
 - (a) data, information, and analyses relating to all of its or their businesses; and
 - (b) data, information, and analyses of third parties in its or their custody or control; and
- 17. Trumid must share information and otherwise cooperate with other recognized or exempt exchanges, recognized self-regulatory organizations, recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.