

**Citation: 2022 BCSECCOM 499**

## **Exemption Order**

### **Finhaven Capital Inc.**

#### **Section 33 of the *Securities Act*, R.S.B.C. 1996, c. 418**

#### **Background**

1. Finhaven Capital Inc. (Finhaven) is a registered exempt market dealer (EMD) in British Columbia that facilitates distributions of digital securities (Security Tokens) on its platform (Distribution Platform) by issuers that meet its issuer and product due diligence standards.
2. Finhaven offers a permissioned distributed ledger technology-based secondary trading platform (Secondary Trading Platform) to its investor clients, all of whom must be accredited investors or permitted clients (Investor Clients) to hold an account with Finhaven. The Secondary Trading Platform enables Investor Clients to privately negotiate secondary trades of Securities Tokens acquired either on the Distribution Platform or the Secondary Trading Platform.
3. Finhaven will conduct clearing activities on the Secondary Trading Platform.
4. To facilitate trading on the Secondary Trading Platform, Finhaven filed an application, under the process in National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* to be exempted from:
  - (a) the requirements of National Instrument 21-101 *Marketplace Operation*, in whole;
  - (b) the requirements of National Instrument 23-101 *Trading Rules*, in whole;
  - (c) the requirements of National Instrument 23-103 *Electronic Trading and Direct Access to Marketplaces*, in whole; and
  - (d) the requirements of National Instrument 24-102 *Clearing Agency Requirements*, in whole (collectively, the Rules).
5. The Commission granted Finhaven an exemption from the Rules on November 2, 2020 (the Coordinated Review Relief). The Commission amended the Coordinated Review Relief (the Amended Coordinated Review Relief) to extend its expiry to December 31, 2023.
6. As Finhaven operates a novel business focused on the initial distribution of Security Tokens on its Distribution Platform and secondary trading of Security Tokens on its Secondary Trading Platform, Finhaven's EMD registration, the Amended Coordinated Review Relief and the exemption from the requirement to be recognized as a clearing agency have been considered in the context of the CSA Regulatory Sandbox initiative. The CSA Regulatory Sandbox has committed to a more flexible approach to regulation, allowing innovative businesses, such as Finhaven, to test their proposed technologies on a

time limited basis provided that sufficient controls are in place to ensure effective regulatory oversight.

7. Finhaven made representations to the Commission in connection with the Amended Coordinated Review Relief relating to its business and proposed clearing activities.

**Order**

8. Based on the representations from Finhaven in connection with the Amended Coordinated Review Relief, the Commission considers that it would not be prejudicial to the public interest to exempt Finhaven from the requirement to be recognized as a clearing agency for a time-limited test period.
9. Under section 33(1) of the Act, the Commission orders that Finhaven is exempt from the requirement to be recognized as a clearing agency under section 25 of the Act, provided Finhaven complies with the terms and conditions of the Amended Coordinated Review Relief.
10. This order will expire on December 31, 2023.

**Effective date**

11. This order comes into effect on December 31, 2022.

Brenda M. Leong  
Chair and Chief Executive Officer  
British Columbia Securities Commission