

[Original Text in French]

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April 9, 2026

**In the Matter of
The Securities Legislation of Québec and Ontario
(the Jurisdictions)**

and

**In the Matter of
The Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

**In the Matter of
Shakepay Credit Inc.
(the Filer)**

Decision

Background

The Filer wishes to offer a novel product, which will allow individuals and businesses to apply online for loans, including term loans and revolving loans (in Canadian dollars or U.S. dollars), with terms of 3 months to 3 years. Borrowers are required to provide Bitcoin and/or Ether as

collateral for these loans. The loans will be made, and the collateral will be held, by the Filer or by one or more wholly owned subsidiaries of the Filer established solely for making loans and holding collateral (each, an **SPV**, collectively the **SPVs**).

The collateral will be held by the Filer, directly or through an SPV, for the duration of the loan and will not be rehypothecated by the Filer and/or the SPVs. The Filer will not offer interest-bearing accounts and will not accept deposits to fund the loans it makes.

As set out in Joint Canadian Securities Administrators/Investment Industry Regulatory Organization of Canada Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* and Canadian Securities Administrators Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets*, securities legislation applies to activities involving crypto assets where the user's contractual right to the crypto asset may itself constitute a security and/or a derivative. The Canadian Securities Administrators (**CSA**) staff take the view that a lender who holds crypto assets as collateral under lending arrangements (**Crypto-backed Lending Arrangement**) may be engaged in activities to which securities legislation applies on the basis that a borrower's contractual rights relating to the crypto asset collateral and related rights under the borrower's agreement with the lender may be a "security".

To foster innovation and respond to novel circumstances, the CSA has considered granting time-limited relief from the dealer registration requirement and the prospectus requirement that would allow the Filer to operate with a regulated framework. The overall goal of the relief is to facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer wishes to operate the Platform (as defined below) and offer Crypto-backed Lending Arrangements, and is seeking relief from the dealer registration and prospectus requirements in each of the provinces and territories of Canada. This decision (the **Decision**) has been tailored for the specific facts and circumstances of the Filer, and the securities regulatory authority or regulator in the Jurisdictions will not consider this Decision as constituting a precedent for other filers.

Relief Requested

The securities regulatory authority or regulator in the Jurisdictions (the **Dual Exemption Decision Makers**) have received an application from the Filer (the **Dual Application**) for a decision under the securities legislation of those jurisdictions (the **Legislation**) that:

- (a) the dealer registration requirement, and

(b) the prospectus requirements

in the Legislation that may otherwise be applicable to a trade in or a distribution of a Crypto-backed Lending Arrangement made by either:

(a) the Filer or an SPV to a Client (as defined below), or

(b) a Client to the Filer or an SPV,

shall not apply to the Filer, its SPVs, or its Clients, as the case may be (the **Requested Relief**), subject to the terms and conditions below.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

(a) the Autorité des marchés financiers is the principal regulator for the Dual Application (the **Principal Regulator**),

(b) the Decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario,

(c) the Filer has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System*, CQLR, c. V-1.1, r. 1 (**Regulation 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (the **Non-Principal Jurisdictions**, and, together with the Jurisdictions, the **Applicable Jurisdictions**).

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, CQLR, c. V-1.1, r. 3, *Regulation 11-102*, *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*, CQLR, c. V-1.1, r. 10 (**Regulation 31-103**) and Canadian securities legislation have the same meaning if used in this Decision, unless otherwise defined.

For the purposes of this Decision, the following terms have the following meaning:

“Acceptable Third-party Custodian” means an entity that:

a. is one of the following:

- i. a Canadian custodian or Canadian financial institution;
 - ii. a custodian qualified to act as a custodian or sub-custodian for assets held in Canada pursuant to section 6.2 [Entities Qualified to Act as Custodian or Sub-Custodian for Assets Held in Canada] of *Regulation 81-102 respecting Investment Funds*, CQLR, c. V-1.1, r. 39;
 - iii. a custodian that meets the definition of an “acceptable securities location” in accordance with the Investment Dealer and Partially Consolidated Rules and Form 1 of CIRO;
 - iv. a foreign custodian for which the Filer has obtained the prior written consent from the Principal Regulator and any other regulator or securities regulatory authority of the Applicable Jurisdictions; or
 - v. an entity that does not meet the criteria for a qualified custodian and for which the Filer has obtained the prior written consent from the Principal Regulator and any other regulator or securities regulatory authority of the Applicable Jurisdictions;
- b. is functionally independent of the Filer within the meaning of Regulation 31-103;
 - c. has obtained audited financial statements within the last twelve months, which
 - i. are audited by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction and that meets the professional standards of that jurisdiction;
 - ii. are accompanied by an auditor's report that expresses an unqualified opinion; and
 - iii. unless otherwise agreed to by the Principal Regulator, discloses on their statement of financial position or in the notes of the audited financial statements the amount of liabilities that it owes to its clients for holding their assets, and the amount of assets held by the custodian to meet its obligations to those custody clients, broken down by asset; and
 - d. has obtained a Systems and Organization Controls (**SOC**) 2 Type 1 or SOC 2 Type 2 report within the last twelve months or has obtained a comparable report

recognized by a similar accreditation board satisfactory to the Principal Regulator and any other regulator or securities regulatory authority of the Applicable Jurisdictions;

“**Act**” means the *Securities Act*, CQLR, c. V-1.1 (Québec);

“**BTC**” means Bitcoin;

“**CIRO**” means the Canadian Investment Regulatory Organization;

“**Client(s)**” means persons and companies that borrow fiat from the Filer and deposit Collateral (as defined below) with the Filer or that borrow fiat through an SPV and deposit Collateral with the SPV;

“**Crypto Asset**” means an asset commonly considered a crypto asset, digital or virtual currency, or digital or virtual token.

“**CTP**” means Crypto Asset trading platform;

“**ETH**” means Ether;

“**FINTRAC**” means the Financial Transactions and Reports Analysis Centre of Canada;

“**LTV**” means the percentage of the Outstanding Principal, together with accrued but unpaid interest and any fees in accordance with the terms of a Loan Agreement, in relation to the market value of the cryptocurrency used as collateral;

“**MSB**” means money services business;

“**Outstanding Principal**” means, at any time, (i) for a term loan, the principal amount outstanding under the term loan, and (ii) for a revolving loan, the aggregate principal amount outstanding under all advances.

“**Regulation 21-101**” means *Regulation 21-101 respecting Marketplace Operation*, CQLR, c. V-1.1, r. 5;

“Regulation 45-106” means *Regulation 45-106 respecting Prospectus Exemptions*, CQLR, c. V-1.1, r. 21;

“Registered CTP” means a CTP that is registered as a restricted dealer or an investment dealer under securities legislation in Canada; and

“Securities Act (Ontario)” means the *Securities Act*, R.S.O. 1990, c. S.5 (Ontario).

In this Decision, a person or company is an **affiliate** of another person or company if:

- (a) one of them is, directly or indirectly, a subsidiary of the other, or
- (b) each of them is controlled, directly or indirectly, by the same person.

Representations

This Decision is based on the following facts represented by the Filer:

The Filer

1. The Filer is a corporation incorporated under the federal laws of Canada with its principal office in Montreal, Quebec.
2. The Filer is a wholly owned subsidiary of Shake Labs Inc., a corporation incorporated under the federal laws of Canada.
3. The Filer’s affiliate, Shakepay Inc. (**SPI**), is a corporation incorporated under the federal laws of Canada. SPI is registered as a dealer in the category of investment dealer with the Applicable Jurisdictions and is a member of CIRO, and it is also registered with FINTRAC as an MSB, dealing in virtual currencies and money transmitting.
4. The Filer is registered as an MSB with FINTRAC under regulations made under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17 (Canada) (the **PCMLTF**). Each SPV (as explained below) will be registered in accordance with the requirements of the PCMLTF.
5. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada and the Filer is not a reporting issuer in any jurisdiction.

6. The Filer's personnel consists, and will consist, of software engineers, compliance professionals, client support representatives and finance professionals who each have experience operating in a regulated financial services environment and expertise in blockchain technology. All of the Filer's personnel have passed, and new personnel will have passed, criminal records and credit checks.
7. The Filer is not in default of securities and derivatives legislation in any jurisdiction of Canada.

The Filer's Business

8. The Filer operates a proprietary and semi-automated internet-based Crypto Asset-backed lending platform (the **Platform**), enabling Clients to borrow from the Filer (directly or through an SPV) Canadian or U.S. fiat currency, by depositing and pledging BTC, ETH or any other Crypto Asset agreed to by the Principal Regulator to and with the Filer (directly or through an SPV) as collateral for the borrowing (the **Lending Services**).
9. The Lending Services are offered exclusively through the Shakepay platform operated by SPI. In order to access the Platform and apply for a loan, Clients must open an account with SPI and accept and comply with SPI's terms and conditions.
10. The Filer, together with its affiliates, has established controls and disclosure practices designed to ensure that Clients clearly understand which entity is providing each service and do not form the misperception that Shakepay Inc. is offering margin or leverage. Clients are informed through consistent disclosures across the platform and agreements that Lending Services are distinct, are not margin or leveraged trading products, and are provided exclusively by the Filer.
11. The Filer does not currently intend to accept any Crypto Asset as collateral other than BTC and ETH (collectively, **Collateral**). Should the Filer decide to accept collateral other than BTC and ETH, it shall not do so without the prior approval of the Principal Regulator.
12. The rights and obligations of the Filer and of each Client involved in a Crypto-backed Lending Arrangement are set out in the loan agreement between the Filer (as lender) and the Client (as borrower) or, where the loan is made through an SPV, in the loan agreement between the SPV (as lender) and the Client (as borrower) (the **Loan Agreement**). A Client may apply for a loan through the Platform after opening an account with SPI. In connection with entering into a Loan Agreement, the Client establishes a lending relationship with the Filer (or an SPV, as applicable), which

- includes the creation of a lending account with the Filer or SPV (each, a **Lending Account**) for the limited purpose of administering the Lending Services. The Loan Agreement is entered into upon (a) the Client depositing Collateral with the Filer or SPV, as the case may be, and (b) the Filer approving the requested loan. By entering into the Loan Agreement, Clients acknowledge and agree that SPI and the Filer may share account and onboarding information for the purposes of providing and administering the Lending Services.
13. The Filer's activities, including the operation of the Platform and providing the Lending Services (directly and through an SPV), may constitute the trading in securities and/or derivatives.
 14. The Filer has appointed Kingston Ross Pasnak LLP as its auditors.
 15. The Filer will prepare: (a) audited consolidated financial statements no later than the 90th day after the end of its financial year, and (b) interim consolidated financial statements no later than the 30th day after the end of the first, second and third interim period of its financial year.
 16. The Filer will not be a member firm of the Canadian Investor Protection Fund (**CIPF**) and the Collateral custodied with an Acceptable Third-party Custodian and with the Filer (or SPV, as the case may be) will not qualify for CIPF coverage. The Loan Risk Statement (as defined below) will include disclosure that there will be no CIPF coverage for the Collateral.
 17. The Filer will wholly own, control and manage each SPV. Other than the Filer, the SPVs, and SPI, no affiliate of the Filer is engaged in activities related to Crypto Assets in Canada.

KYP Obligations and Crypto Assets Restrictions

18. The Filer intends to only allow for borrowing of fiat backed by BTC or ETH, and the Filer believes it has sufficient understanding of BTC and ETH to satisfy the know-your-product (**KYP**) provisions in Regulation 31-103. The Filer has established and applies policies and procedures in accordance with the relevant provisions in Regulation 31-103 relating to KYP (**KYP Policy**).
19. The Filer is not engaged, and will not engage, in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuer or affiliates or associates of such persons.

20. The Filer monitors ongoing developments related to BTC and ETH that may cause BTC's or ETH's legal status as a security and/or derivative or the assessment conducted by the Filer pursuant to its KYP Policy and as described in its representations made hereinto change.

Account Opening and Risk Disclosure

21. Each Client, who is an individual, must be a resident of Canada, have reached the age of majority in the jurisdiction in which the person is resident, and have the legal capacity to open a securities brokerage account. Each Client of the Platform that is a corporation, partnership or other legal entity must be incorporated or registered under provincial, territorial or federal corporate legislation or under similar provincial, territorial or federal legislation applicable to other types of legal entities where required, and be in good standing. The Platform is currently available only to individuals who are a resident of Canada and corporations or other legal persons that are Canadian-registered. However, the Filer may in the future make the Platform available to individuals who are resident in foreign jurisdictions and corporations and other legal persons that are registered in foreign jurisdictions in accordance with the laws of such foreign jurisdictions, and in that case, those non-Canadian clients would not be required to hold an account with a Canadian financial institution.
22. The Filer collects know-your-client (**KYC**) information in accordance with the identity verification requirements applicable to reporting entities under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*, SOR/2002-184 (**PCMLTFR**). To avoid duplicative identity checks, the Filer verifies client identity by relying on measures previously taken by SPI, a reporting entity under the PCMLTF, in accordance with the "reliance method" set out in Section 5 of the PCMLTFR. SPI's onboarding process satisfies the applicable guidelines issued by FINTRAC and the requirements of the PCMLTF and the PCMLTFR. Clients must successfully complete SPI's onboarding process, including identity verification, in order to be eligible to open a Lending Account with the Filer. The Filer has established and applies policies and procedures reasonably designed to ensure that its Clients are not engaged in prohibited businesses or business practices.
23. To access the Lending Services, Clients must agree to the terms of the Loan Agreement, which governs the relationship between the Client and the Filer (or the SPV, as the case may be) and sets out the terms and conditions under which the Lending Services are provided.
24. Under the Loan Agreement, the Filer and each SPV maintains certain controls over Lending Accounts to ensure compliance with applicable law and ensure secure custody of the Collateral.

25. The Filer's marketing and advertising on its platform clearly disclose, where appropriate, that loan proceeds may not be used to purchase Crypto Assets.
26. The Filer does not provide recommendations or advice to Clients or conduct a suitability determination for Clients but performs account appropriateness assessments to determine whether it is appropriate for a Client to enter into a Crypto-backed Lending Arrangement with the Filer (whether directly or through an SPV). In conducting this assessment, the Filer may rely on information collected by SPI during its account appropriateness assessment process. The account appropriateness assessment conducted by the Filer considers the following factors (the **Loan Account Appropriateness Factors**):
 - a. the Client's experience and knowledge of Crypto Assets;
 - b. the Client's financial circumstances;
 - c. the Client's personal circumstances;
 - d. the Client's risk profile; and
 - e. the Client's understanding of the risks involved in Crypto-backed Lending Arrangement.
27. The Loan Account Appropriateness Factors will be used by the Filer to evaluate whether entering into a Loan Agreement and pledging Collateral is appropriate for a prospective Client.
28. After completion of the loan account appropriateness assessment, a prospective Client will receive appropriate messaging about entering into a Loan Agreement, which, in circumstances where the Filer has evaluated that doing so is not appropriate for the Client, will include prominent messaging to the Client that this is the case and that the Client will not be permitted to enter into a Loan Agreement.
29. The Filer will also use the Loan Account Appropriateness Factors to determine the LTV to offer the Client.
30. The Filer maintains policies and procedures to monitor the value of the Collateral using a system operated by an Acceptable Third-party Custodian, with a proprietary backup monitoring process running on the Filer's own systems to ensure continuous, real-time

valuation based on current market prices. Where a decrease in the value of the Collateral results in LTV rising above 80% or such other percentage as the Filer deems appropriate (the **Margin Notice Threshold**), the Filer will provide, by way of electronic notice, information on steps the Client may take, which include (i) returning a portion of the Outstanding Principal; or (ii) delivering to the Filer or SPV, as the case may be, additional Collateral to reduce LTV below the Margin Notice Threshold. Where the Client declines to effect either of the two forgoing actions, and should the value of the Collateral continue to decrease to the extent that LTV reaches 90% (or such other percentage as the Filer deems appropriate) (**Collateral Liquidation Threshold**), the Filer or SPV, as the case may be, may sell up to the entirety of the Collateral to pay the loan amount in which case it shall provide the Client with notice of the same (**Collateral Liquidation**).

31. The Margin Notice Threshold LTV and the Collateral Liquidation Threshold LTV will not change for a loan once it has been deployed. The Filer may, from time to time, adjust the applicable LTV ratio for new loans, provided that any such adjustment is consistent with prudent risk management practices. In determining the LTV ratio to be offered to Clients, the Filer will consider a range of factors, which the Filer will review periodically to ensure that any adjustments to the LTV ratio remain aligned with sound risk management principles and the protection of clients. These factors include but are not limited to:
 - a. the volatility and liquidity of the Crypto Asset used as collateral;
 - b. the historical and implied price correlations between the collateral asset and the loan currency;
 - c. general market conditions and results of internal stress testing;
 - d. the Filer's operational and counterparty risk tolerances; and
 - e. industry practices and peer benchmarks for comparable crypto-backed loan products.

32. As part of the process of entering into a Loan Agreement and establishing a Lending Account with the Filer, the Filer will provide prospective Clients with a separate statement of risks (the **Loan Risk Statement**) that clearly explains or includes the following in plain language:
 - a. the purpose of the Loan Agreement;

- b. the risks associated with the Collateral held by the Filer and the SPVs;
 - c. prominently, a statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Loan Agreement;
 - d. the location and the manner in which Collateral is held for the Client, the risks and benefits to the Client of the Collateral being held in that location and in that manner, including the impact of insolvency of the Filer, the SPVs or the Acceptable Third-party Custodian;
 - e. the manner in which the Collateral is accessible by the Filer, and the risks and benefits to the Client arising from the Filer having access to the Collateral in that manner;
 - f. that the Filer is not a member of CIPF and the Collateral held by the Filer and the SPVs (directly or indirectly through third parties) will not qualify for CIPF protection;
 - g. a statement that the statutory rights in sections 217 and 221 of the Act, and section 130.1 of the Securities Act (Ontario) and, if applicable, similar statutory rights under securities legislation of Non-Principal Jurisdictions, do not apply in respect of the Loan Risk Statement to the extent a security is distributed under the prospectus relief granted by this Decision;
 - h. a statement that the Filer and the SPVs are not registered as a dealer in any jurisdiction in Canada; and
 - i. the date on which the information was last updated.
33. As part of the Lending Account opening process, the Filer will deliver the Loan Risk Statement to the Client and obtain an electronic acknowledgment from the prospective Client confirming that the prospective Client has received, read and understood the Loan Risk Statement. Such acknowledgment will be prominent and delivered concurrently with the opening of a Lending Account and prior to execution of the Client's initial Loan Agreement.
34. A copy of the Loan Risk Statement acknowledged by a Client will be electronically delivered to the Client and easily available to the Client upon request. The latest version of the Loan Risk Statement will be continuously and easily available to Clients on the Filer's website and upon request.

35. The Filer has policies and procedures for updating the Loan Risk Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Loan Agreements, Lending Accounts, the Filer and the Crypto Assets. In such event, existing Clients of the Filer will be promptly notified through an email notification and provided with a copy of the updated Loan Risk Statement.
36. The Filer may also prepare and make available to its Clients, on an ongoing basis and in response to emerging issues in Crypto Assets, educational materials and other informational updates about Crypto-backed Lending Arrangements.

Filer Operations

37. The Filer and the SPVs do not have any authority to act on a discretionary basis on behalf of Clients and does not manage any discretionary accounts.
38. Loan applications are placed with the Filer through the Platform.
39. A Loan Agreement is a bilateral contract between the Client and the Filer or between the Client and the SPV. The Filer (or SPV, as the case may be) is the lender and the Client is the borrower.
40. Clients effecting interest payments and payments of Outstanding Principal to the Filer or SPV, as the case may be, through the Platform can send funds via wire transfer, e-transfer, electronic funds transfer, direct deposit or other established and widely utilized payment methods.
41. Clients pledge their Collateral to unique wallet addresses designated to them either by the Filer or the Acceptable Third-party Custodian, who may be the custodian to the Filer, an SPV and the Client.
42. The Filer may effect the transfer of Collateral (i.e., a Collateral Liquidation) to the Filer (or SPV, as the case may be) only pursuant to the terms of the Loan Agreement (i.e., an event of default on the part of the Client such as a failure to make a required payment when due, or a decrease in the value of the Collateral resulting in an LTV equal to or greater than the Collateral Liquidation Threshold stipulated in each Client's Loan Agreement).
43. The Filer evaluates and will continue to evaluate the fair market value of the Collateral for purposes of determining LTV on a near-continuous basis, in accordance with the terms of the Loan Agreement. The Filer's Clients can check the quoted price for BTC

- and ETH on the Platform against the prices available on SPI or other Registered CTPs in Canada.
44. The Filer and each SPV are not permitted to pledge, re-hypothecate or otherwise use the Collateral deposited by its Clients on the Platform, except as described in representation 42 above.
 45. The Filer does not currently stake ETH but may, in the future, explore the possibility of staking Collateral ETH, subject to discussions with the Principal Regulator.
 46. The Filer and each SPV record in their books and records the particulars of each loan, including the Collateral.
 47. The Filer is compensated by interest charges on its loans and will not charge any fees, other than a liquidation processing fee, without first notifying the Principal Regulator. Any fees the Filer may charge Clients will not change for any particular loan once the loan has been deployed. All fees will be clearly and prominently disclosed in the disclosure table contained in the Loan Agreement.
 48. Clients are permitted to transfer Collateral into their Lending Account with the Filer at any time for the purpose of decreasing LTV.
 49. Clients may be permitted to request a withdrawal of pledged Collateral in their Lending Account with the Filer, and the Filer may permit such withdrawal where the withdrawal would not result in the LTV exceeding the LTV at the time of loan origination.
 50. Clients may be permitted to request an increase to their loan amount under the same terms as their original loan and the Filer may permit such increase where the increase in loan amount would not result in the LTV exceeding the LTV at the time of loan origination.
 51. A loan can be repaid, either wholly or in part, by a Client and, where applicable, where fully paid, may be closed at any time during the term of the loan. There will be no prepayment penalty applied to any loan. However, loans will provide that a borrower will be charged a minimum interest amount (e.g., a Loan Agreement may provide for a minimum of three months' interest).
 52. Upon repayment of the Outstanding Principal, together with accrued but unpaid interest and any fees in accordance with the terms of each Loan Agreement, the Filer will transfer all Collateral to the Client's account with SPI. The Filer has expertise in

and has implemented appropriate anti-fraud and anti-money laundering monitoring systems for both fiat and Crypto Assets to reduce the likelihood of fraud, money laundering, or error in sending or receiving Crypto Assets to incorrect wallet addresses.

53. The Filer maintains and will continue to maintain comprehensive business continuity and disaster recovery plans to ensure the resilience and continuity of its Lending Services. These plans include measures to address potential disruptions to the Filer's critical systems, processes, and services supporting the Lending Services, including its reliance on the Platform. The Filer regularly reviews and updates these plans to address evolving risks and industry standards and ensures that appropriate testing is conducted to validate their effectiveness.

Reports to Clients

54. On a continuous basis, except during rare moments where the Platform is not available to allow for systems maintenance, Clients will (i) be able to access 24/7 the Outstanding Principal and accrued interest, the current fair market value of pledged Collateral and the cumulative amounts of interest and principal payments made to date with respect to any loan transaction and (ii) have access to a complete record of all historic lending activities and details since creating a Lending Account.

Custody of Crypto Assets

55. The Filer utilizes Coinbase Custody Trust Company (**Custodian**) as custodian to hold (in cold storage) Client Collateral. Such Custodian meets all the requirements of an Acceptable Third-party Custodian. The Filer may use other custodians in the future, provided they also meet the requirements of an Acceptable Third-party Custodian. The Filer utilizes Fireblocks Ltd. and BitGo Trust Company Inc. for hot transactional wallets.
56. The Filer and each SPV will hold custody accounts with the Custodian for the purpose of safely custodizing Clients' Collateral. The Collateral that the Custodian holds in trust for the Clients of the Filer are held in designated and segregated accounts in trust in the name of the Filer (or SPV, as the case may be) for the benefit of the Filer's Clients and are held separate and apart from the assets of the Filer, the SPV and its Custodian, and the assets of other clients of the Custodian.
57. Client Collateral, held in trust for their benefit in hot wallets and with the Custodian, is deemed to be the Clients' Crypto Assets in case of the insolvency and/or bankruptcy of the Filer, of an SPV or of the Custodian.

58. The Custodian has established policies and procedures that manage and mitigate the risks of holding the Collateral, including, but not limited to, an effective system of controls and supervision to safeguard the Collateral for which it acts as custodian and to mitigate security breaches and cyber incidents. The Filer has and will conduct due diligence on the Custodian, including a thorough review of the Custodian's policies and procedures.
59. The Filer has established, and will maintain and apply, policies and procedures that are reasonably designed to ensure the Custodian's records related to Collateral that the Custodian holds in trust for Clients of the Filer (whether directly or through an SPV) are accurate and complete. For Crypto Assets held by the Filer and by the SPVs, whether directly in hot wallets or indirectly through the Custodian, the Filer:
- a. holds Collateral or ensures that the Collateral is held in trust for its Clients, separate and distinct from the assets of the Filer and the SPV; and
 - b. has established and applies written policies and procedures that manage and mitigate the custodial risk, including, but not limited to, an effective system of controls and supervision to safeguard the Collateral for which it acts as custodian and to mitigate security breaches and cyber incidents.
60. In an effort to spread counterparty risk, the Filer may engage other custodians and hot wallet providers to hold Collateral from time to time. In respect of cold storage of Collateral, the Filer intends to engage only with custodians that meet the definition and requirements of an Acceptable Third-party Custodian. Prior to depositing Collateral with any such custodian, the Filer performs reasonable due diligence on the custodian, including a review of the custodian's balance sheet and management team, including holding meetings with the custodian's representatives. The Filer will inquire as to security protocols as well as withdrawal protocols and the insurance coverage applicable to the Crypto Assets held. Prior to engaging a new custodian or hot wallet provider, the Filer will obtain from such custodian a SOC 2 Type 1 or Type 2 report prepared within the last 12 months. Lastly, the Filer will provide the Principal Regulator with at least 30 days' prior written notice of its intention to add or remove any custodian or hot wallet provider.

Marketplace and Clearing Agency

61. The Filer does not and will not operate a "marketplace" as defined in Regulation 21-101 and, in Ontario, subsection 1(1) of the Securities Act (Ontario), because it will not:

- a. perform the activities commonly understood to be acting as an exchange or quotation and trading reporting system,
 - b. execute trades of exchange-traded securities outside of a marketplace, or
 - c. constitute, maintain or provide a market or facility for bringing together buyers and sellers of securities (or Crypto Assets), bring together the orders for securities (or Crypto Assets) of multiple buyers and sellers, and use established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade.
62. The Filer will not operate a “clearing agency” as defined in the securities legislation in any of the Applicable Jurisdictions.

Market Participant and Equivalent

63. The Filer is a "market participant" as defined under subsection 1(1) of the Securities Act (Ontario). As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 19 of the Securities Act (Ontario), which include the requirement to keep such books, records and other documents as are necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others, and to deliver such records to the securities regulatory authority or regulator in Ontario, if required. While there is no direct equivalent under the Act, the Filer agrees to be bound by equivalent obligations in Quebec and undertakes to provide the same records to the Principal Regulator, if required.

Finances

64. By virtue of holding Collateral in accordance with applicable LTV ratios and effecting liquidations at or above applicable Collateral Liquidation Thresholds, the Filer will maintain sufficient resources to guarantee its obligations under Crypto-backed Lending Arrangements (whether made directly or through an SPV).

Lending Regulation

65. Neither the Filer nor, where applicable, the SPV shall commence or conduct lending activities in any province of Canada where such activities require licensing, registration or similar regulatory approvals or notifications from or to a provincial regulatory body, until such time as the Filer or the SPV, or both, as required, has obtained such

licensing, registration, approvals or notifications, and the Filer and each SPV is otherwise in compliance with laws applicable to such activities in such province.

Personal Property Security Legislation

66. In connection with the Crypto-backed Lending Arrangements, the Filer has considered the availability of the prospectus exemption at section 2.37 of Regulation 45-106 and determined that, at the time of this Decision, the exemption may not be available due to the attributes of the Collateral and the nature of the Filer's business.

Decision

Each of the Dual Exemption Decision Makers is satisfied that the Decision satisfies the test set out in the Legislation for the Dual Exemption Decision Makers to make the Decision.

The Decision of the Dual Exemption Decision Makers under the Legislation is that the Requested Relief is granted, provided that:

Acting fairly, honestly and in good faith

- A. The Filer will act and will take reasonable steps to cause each individual acting on its behalf to act, fairly, honestly and in good faith with Clients.

Conflicts of interest

- B. The Filer will comply, and will take reasonable steps to cause each individual acting on their behalf to act to comply, with the enhanced conflicts of interest provisions in section 13.4 and 13.4.1 of Regulation 31-103 as if the Filer were a "registered firm" and individuals acting on behalf of the Filer were "registered individuals".

KYC and Loan Account Appropriateness

- C. The Filer will take reasonable steps to ensure that the information obtained pursuant to representation 22, which is collected and maintained by its affiliate, SPI, remains current. The Filer has and will keep an arrangement in place with SPI to be notified of any material updates to such information.

- D. For each Client, the Filer will perform a loan account appropriateness assessment as set out in representation 26 prior to opening a Lending Account and on an ongoing basis at least annually.

Handling complaints

- E. The Filer will document, and, in a manner that a reasonable person would consider fair and effective, promptly respond to each complaint made to the Filer about the Lending Services offered by the Filer or an individual acting on behalf of the Filer.

Permitted referral arrangements

- F. The Filer may advertise its services with SPI provided such referral activities with SPI are limited to fixed fee advertising only. The Filer will not engage in promotional or advertising activities with any CTP other than SPI.
- G. The Filer will not enter into any agreement or arrangement with SPI or any other CTP that would permit a Client to obtain margin, leverage, or credit in contravention of restrictions applicable to the CTP. The Filer and SPI will maintain controls to ensure Clients cannot use services of both entities to create or replicate a leveraged position.

No recommendations or advice

- H. The Filer, and any individual acting on its behalf, will not provide recommendations or advice to any Client or prospective client.

Operations

- I. The Filer will only provide Lending Services in relation to Crypto Assets and will provide the Lending Services directly or through an SPV. Other than the Lending Services, as applicable, the Filer will not offer derivatives based on the Crypto Assets to Clients. The Filer will seek the appropriate approvals from the Principal Regulator and, if required under the securities legislation, the regulator or securities regulatory authority of any other Applicable Jurisdiction, prior to undertaking any other activity governed by securities legislation in Canada.
- J. The Filer will wholly own, control and manage each SPV that enters into a Loan Agreement with Clients and holds the Collateral through an Acceptable Third-party Custodian, subject to the conditions of the Decision.

- K. The Filer will ensure that each SPV only (i) enters into financing agreements with institutional investors, (ii) enters into Loan Agreements with Clients, and (iii) holds the Collateral, and engages in no other activities.
- L. The Filer will not operate a “marketplace” as the term is defined in Regulation 21-101 and, in Ontario, in subsection 1(1) of the Securities Act (Ontario) or a “clearing agency” as the term is defined in the securities legislation in any of the Applicable Jurisdictions.
- M. The Filer will only accept BTC and ETH as Collateral, unless it obtains the prior written consent of the Principal Regulator.
- N. Neither the Filer nor any SPV will commence or conduct lending activities in any province of Canada where such activities require licensing, registration or similar regulatory approvals or notifications from or to a provincial regulatory body, until such time as the Filer or the SPV, or both, as applicable, has obtained such licensing, registration, approvals or notifications, and the Filer and each SPV is otherwise in compliance with laws applicable to such activities in such province.
- O. The Filer will implement appropriate margin and risk controls designed to ensure that the operation of the Lending Account does not enable or facilitate leveraged trading activity through the Client’s account with SPI. In particular, Clients will be prohibited from using loan proceeds to purchase crypto assets, and this restriction will be clearly disclosed in the Loan Agreement and prominently within the Platform interface. The Filer will also implement monitoring controls, including periodic sampling of Client accounts and transaction activity, to assess compliance with this restriction. These measures are intended to ensure that the Lending Services do not function as margin or leverage and to support appropriate oversight of Client activity.

Custody

- P. At all times, the Filer and its SPVs will hold at least 95% of the total value of Clients’ Collateral with a custodian that meets the definition of an “Acceptable Third-party Custodian” for all loans where the LTV is below the Margin Notice Threshold.
- Q. The Filer and SPV may, upon a loan’s LTV being above the Margin Notice Threshold and no additional Collateral being added by the Client or a portion of the loan being paid back by the Client, transfer to and hold the Collateral in its hot wallets in preparation for liquidation.

- R. Before the Filer and SPVs hold Clients' Collateral with a custodian referred to in condition P, the Filer will take reasonable steps to verify that the custodian:
- i. has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Collateral for which it acts as custodian;
 - ii. will hold the Collateral for its Clients (i) separate and apart from the assets of non-Canadian clients, and (ii) separate and apart from its own assets, from the assets of an SPV, and from the assets of any custodial service provider;
 - iii. has appropriate insurance to cover the loss of Collateral held at the custodian;
 - iv. meets each of the requirements to be an Acceptable Third-party Custodian, except for those criteria in respect of which the custodian does not meet and the Principal Regulator and the regulator or securities regulatory authority of the other Applicable Jurisdictions have provided prior written approval for use of the custodian.
- S. The Filer will provide the Principal Regulator with at least 30 days' prior written notice of any:
- i. changes of or use of a custodian or hot wallet provider; and
 - ii. material changes to the Filer's ownership, business operations, including its systems, or its business model.
- T. The Filer will notify the Principal Regulator, promptly, of any material breach or failure of a custodian's system of controls or supervision, and what steps have been taken by the Filer or its custodian, as the case may be, to address each such breach or failure. The loss of any amount of a Crypto Assets will be considered a material breach or failure.
- U. The Filer will promptly notify the Principal Regulator if the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, the National Futures Association, the South Dakota Division of Banking, the Office of the Comptroller of the Currency or the New York State Department of Financial Services or any other regulatory authority applicable to a custodian of the Filer or of an SPV, makes a determination that (i) a custodian is not permitted by that regulatory authority to hold client Crypto Assets, or (ii) if there is a change in the status of the custodian as a regulated financial institution. In such a case, the Filer will identify

a suitable alternative custody provider that meets the definition of an Acceptable Third-party Custodian to hold the Collateral.

- V. For Collateral held by the Filer and SPVs, the Filer and the SPVs, as applicable:
 - i. will hold the Collateral in trust for the benefit of its Clients, and separate and distinct from the assets of the Filer and the SPVs;
 - ii. will ensure there is appropriate insurance to cover the loss of Collateral held by the Filer and SPVs;
 - iii. will have established and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Collateral for which it acts as custodian.

Risk Disclosure

- W. As part of the loan application process, the Filer will deliver to the Client a Loan Risk Statement and will require the Client to provide electronic acknowledgment of having received, read and understood the Loan Risk Statement.
- X. The Loan Risk Statement delivered in condition W and to Clients will be prominent and separate from other disclosures given to the Client at the time the Loan Risk Statement is delivered, and the acknowledgement will be separate from other acknowledgements by the Client at that time.
- Y. A copy of the Loan Risk Statement acknowledged by a Client will be electronically delivered to the Client and easily available to the Client upon request. The latest version of the Loan Risk Statement will be continuously and easily available to Clients on the Filer's website and upon request.
- Z. The Filer will promptly update the Loan Risk Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Loan Agreement or the Crypto Assets and in such event, it will promptly notify each existing Client, through an email notification of the update and deliver to them a copy and a link to the updated Loan Risk Statement,.

- AA. Prior to the Filer making an updated Loan Risk Statement available to Clients, the Filer will deliver, or will have previously delivered, a copy of the Loan Risk Statement and a blackline of the changes to the Principal Regulator.

Finances

- BB. The Filer will maintain sufficient financial resources for the operations of the Platform, the SPVs and the Crypto-backed Lending Arrangements and in furtherance of its compliance with this Decision.
- CC. The Filer has and will continue to confirm that it is not and each of the SPVs is not liable for the debt of an affiliate that could have a material negative effect on the Filer and SPVs.

Reporting

- DD. The Filer will notify the Principal Regulator immediately upon becoming aware that the Filer does not or may not have sufficient financial resources in accordance with the requirements of condition BB.
- EE. The Filer will provide: (a) audited consolidated financial statements no later than the 90th day after the end of its financial year, and (b) interim consolidated financial statements no later than the 30th day after the end of the first, second and third interim period of its financial year, to the Principal Regulator in a manner specified by the Principal Regulator.
- FF. The Filer will deliver the reporting as set out in Appendix A.
- GG. In addition to any other reporting required by the Legislation, the Filer will provide, on a timely basis, any report, data, document or information to the Principal Regulator, including any information about the SPVs and about the Filer's custodians and the Crypto Assets held by the custodians, that may be requested by the Principal Regulator from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in the Decision, in a format and manner acceptable to the Principal Regulator.
- HH. Upon request, the Filer will provide the Principal Regulator with aggregated and/or anonymized data concerning Client demographics and activity on the Platform that may be useful to advance the development of a Canadian regulatory framework for Crypto Asset-backed Lending Arrangements.

- II. The Filer will provide the Principal Regulator at least 30 days' written notice to the Principal Regulator if an affiliate of the Filer proposes to offer products or services related to Crypto Assets in Canada or to Canadian residents.

- JJ. The Filer will promptly make any changes to its business practices or policies and procedures that may be required to address investor protection concerns that may be identified by the Filer or by the Principal Regulator arising from the operation of the Platform.

Other

- KK. In jurisdictions where the prospectus relief granted by this Decision is required, the first trade of a Crypto-backed Lending Arrangement is deemed to be a distribution under the securities legislation in any of the Applicable Jurisdictions.

- LL. The Filer remains in compliance with requirements of the PCMLTF and FINTRAC or any comparable legislation that applies to the Filer.

Term of relief

- MM. This Decision will expire three years from the date of this Decision.

- NN. The Decision may be amended by the Principal Regulator from time to time upon prior written notice to the Filer.

Hugo Lacroix

Superintendent, Securities Markets and Distribution

APPENDIX A -- REPORTING

Commencing with the quarter ending [September 30, 2025], the Filer will deliver the following information to the Principal Regulator in a form and manner specified by the Principal Regulator, with respect to Clients residing in each Applicable Jurisdiction, within 30 days of the end of each March, June, September and December:

- (a) aggregate reporting of activity conducted pursuant to the Platform's operations that will include the following:
 - (i) number of Lending Accounts opened each month in the quarter;
 - (ii) number of Lending Accounts closed each month in the quarter;
 - (iii) number of Lending Account applications rejected by the Platform each month in the quarter based on the Loan Account Appropriateness Factors;
 - (iv) number of loans made each month in the quarter;
 - (v) average value of the loans in each month in the quarter;
 - (vi) number of loans where the borrowers failed to make the required interest payment for the month;
 - (vii) number of loans that exceeded the Margin Notice Threshold in each month in the quarter;
 - (viii) average value of loans that exceeded the Margin Notice Threshold in each month in the quarter;
 - (ix) number of loans that exceeded the Collateral Liquidation Threshold in each month in the quarter;
 - (x) average value of loans that exceeded the Collateral Liquidation Threshold in each month in the quarter;
 - (xi) number of Collateral Liquidations in the month;

- (xii) average value of loans that the Filer effected Collateral Liquidations;
 - (xiii) number of formal warnings made each month in the quarter by the Filer to Clients for prohibited use of loan proceeds to purchase Crypto Assets;
 - (xiv) number of Lending Accounts at the end of each month in the quarter; and
 - (xv) number of Lending Accounts with no loans during the quarter,
- (b) the details of any Client complaints received by the Filer during the calendar quarter and how such complaints were addressed;
- (c) a listing of all blockchain addresses, except for deposit addresses, that hold Crypto Assets on behalf of clients, including all hot and cold wallets;
- (d) the details of any fraudulent activity or cybersecurity incidents on the Platform during the calendar quarter, any resulting harms and effects on Clients, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future; and
- (e) the details of the Client loan default, by number of Clients and aggregates loan default amounts, during the quarter.