

ALBERTA SECURITIES COMMISSION

EXEMPTION ORDER: CLEARING AGENCY RECOGNITION

Citation: Re Finhaven Capital Inc., 2023 ABASC 47

Date: 20230428

Finhaven Capital Inc.

Background

1. The Canadian Securities Administrators (the **CSA**) operate a regulatory sandbox to support financial technology businesses seeking to offer innovative products, services, and applications in Canada (the **CSA Regulatory Sandbox**).
2. The CSA Regulatory Sandbox allows firms to obtain time-limited exemptive relief from certain requirements of securities legislation in order to test new products or services, provided that investor protection and market integrity are not compromised.
3. Finhaven Capital Inc. (**Finhaven**) is a registered exempt market dealer in Alberta that facilitates distributions of digital securities (**Security Tokens**) on its permissioned distributed ledger technology-based platform (**Distribution Platform**) by issuers that meet its issuer and product due diligence standards.
4. Finhaven also plans to offer a permissioned distributed ledger secondary trading platform (**Secondary Trading Platform**) to its clients resident in the Province of Alberta, all of whom must be "accredited investors" or "permitted clients" as those terms are defined in National Instrument 45-106 *Prospectus Exemptions* and NI 31-103 *Registration, Exemptions and Ongoing Registrant Obligations*, respectively (**Clients**), and hold a digital wallet account with Finhaven.
5. The Secondary Trading Platform will enable Clients to privately negotiate secondary trades of the Security Tokens acquired either on the Distribution Platform or the Secondary Trading Platform.
6. In the context of the CSA Regulatory Sandbox, Finhaven previously submitted its business model and was granted an exemption for a limited time until December 31, 2022 from certain requirements under applicable securities legislation in the decision *In the Matter of Finhaven Capital Inc.* dated November 2, 2020 (**Prior Decision**).
7. Finhaven requires more time to test its innovative business model and made a request to extend the relief granted in the Prior Decision.
8. The British Columbia Securities Commission is the principal regulator for Finhaven and the extension was granted in the provinces of British Columbia, Saskatchewan and Manitoba in the decision *In the Matter of Finhaven Capital Inc.* dated December 28, 2022.

9. The Alberta Securities Commission (the **Commission**) and Ontario Securities Commission also extended the relief pursuant to Re *Finhaven Capital Inc.*, 2023 ABASC 46 (**Extended Decision**):
10. Finhaven may conduct clearing activities, on the Secondary Trading Platform, in the Province of Alberta.
11. In addition to the relief granted in the Extended Decision, Finhaven has also filed an application with the Commission seeking an order under section 213 of the *Securities Act* (Alberta) (the **Act**) exempting Finhaven from the requirement to be recognized as a clearing agency under section 67(1) of the Act.
12. This **Order** has been made for the specific facts and circumstances of Finhaven.

Interpretation

13. Terms defined in the Act or in National Instrument 14-101 *Definitions* have the same meaning in this Order unless otherwise defined herein.

Representations

14. Finhaven represents as follows:
 - (a) Finhaven may conduct clearing activities on the Secondary Trading Platform in the Province of Alberta;
 - (b) Finhaven is not in default of the securities legislation in any jurisdiction of Canada; and
 - (c) the representations set out in Schedule A of the Extended Decision remain true and correct in all material aspects.

Undertakings

15. Finhaven undertakes:
 - (a) to comply with the terms and conditions set out in Schedule B of the Extended Decision;
 - (b) to continue to ensure that the representations herein remain true and correct in all material respects; and
 - (c) to provide promptly to the Commission any information that a Commission representative may request.

Order

16. Based on the representations and undertakings herein, the Commission under section 213 of the Act, exempts Finhaven from the requirement to be recognized as a clearing agency under section 67(1) of the Act for so long as Finhaven satisfies the undertakings herein.

17. This Order expires on December 31, 2023.

For the Commission:

"original signed by"

Tom Cotter
Vice-Chair

"original signed by"

Kari Horn
Vice-Chair