

**B.11.3.2 Euroclear Bank SA/NV – Application for Exemption from Recognition as a Clearing Agency – OSC Staff Notice and Request for Comment**

**OSC STAFF NOTICE AND REQUEST FOR COMMENT**

**EUROCLEAR BANK SA/NV**

**APPLICATION FOR EXEMPTION FROM RECOGNITION AS A CLEARING AGENCY**

**A. Background**

Euroclear Bank SA/NV (**EB**) has applied to the Ontario Securities Commission (**Commission**) for an order pursuant to section 147 of the *Securities Act* (Ontario) (**OSA**) to exempt it from the requirement to be recognized as a clearing agency in subsection 21.2(0.1) of the OSA (the **Application**).

EB is a company established under the laws of Belgium providing settlement and related securities services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds.

EB is authorised as a Central Securities Depository (**CSD**) with a limited purpose banking license in the meaning of Regulation (EU) 909/2014 (**CSDR**), and operates the *Euroclear System*, a Securities Settlement System (**SSS**) in the meaning of Directive 98/26/EC (Settlement Finality Directive). EB is offering its CSD and SSS services to participants in Ontario.

EB is subject to prudential supervision and oversight by the National Bank of Belgium (**NBB**) and to the supervision of the Belgian Financial Market and Services Authority (**FSMA**) for conduct of business rules.

To carry on business in Ontario, EB must be recognized as a clearing agency under the OSA or apply for an exemption from the recognition requirement. Among other factors set out in the Application, EB is seeking an exemption from the recognition requirement on the basis that it is subject to a comparable regulatory and oversight regime in its home jurisdiction of Belgium.

**B. Application and Draft Exemption Order**

In the Application, EB describes its requirements under applicable Belgium laws and regulations that are generally comparable or that achieve similar outcomes to the requirements of National Instrument 24-102 *Clearing Agency Requirements* (**NI 24-102**). Subject to comments received, staff propose to recommend to the Commission that it grant EB an exemption order in the form of the proposed draft order attached at Appendix A (**Draft Order**). We are prepared to recommend to the Commission that it exempt EB because it does not currently pose significant risk to Ontario's capital markets and is subject to a comparable regulatory and oversight regime in another jurisdiction by its home regulator. A copy of EB's Application can be found on the Commission [website](#).

In determining whether a clearing agency poses significant risk to Ontario, we consider the level of activity of the clearing agency in Ontario and other qualitative and quantitative factors.

The Draft Order requires EB to comply with various terms and conditions set forth in Schedule "A" to the Draft Order, including relating to:

1. Regulation of EB
2. Governance
3. Scope of clearing services in Ontario
4. Reporting requirements
5. Information sharing

The Draft Order also acknowledges that the scope of the terms and conditions imposed by the Commission, or the determination as to whether it is appropriate that EB continue to be exempted from the requirement to be recognized as a clearing agency, may change as a result of the Commission's monitoring of developments in international and domestic capital markets, EB's activities or regulatory status, or any changes to the laws of the European Union, Belgium or Ontario affecting trading in or clearing and settlement of securities.

**C. Comment Process**

The Commission is publishing for public comment the Application and Draft Order. We are seeking comment on all aspects of the Application and Draft Order.

## **B.11: CIRO, Marketplaces, Clearing Agencies and Trade Repositories**

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You are asked to provide your comments in writing, via e-mail and delivered on or before April 28, 2025 addressed to the attention of the:

The Corporate Secretary  
Ontario Securities Commission  
20 Queen Street West, 22nd Floor  
Toronto, Ontario, M5H 3S8  
Email: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

The confidentiality of submissions cannot be maintained as the comment letters and a summary of written comments received during the comment period will be published. All comments received will be posted on the website of the OSC at <http://www.osc.gov.on.ca>. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Questions may be referred to:

Emily Sutlic  
Senior Legal Counsel, Trading and Markets  
[esutlic@osc.gov.on.ca](mailto:esutlic@osc.gov.on.ca)

Jarrod Smith,  
Senior Accountant, Trading and Markets  
[jsmith@osc.gov.on.ca](mailto:jsmith@osc.gov.on.ca)

Yani Wu  
Risk Specialist, Trading and Markets  
[ywu@osc.gov.on.ca](mailto:ywu@osc.gov.on.ca)

**APPENDIX “A”**

**IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S.5,  
AS AMENDED  
(THE OSA)**

**AND**

**IN THE MATTER OF  
EUROCLEAR BANK SA/NV**

**ORDER  
(Section 147 of the OSA)**

**WHEREAS** the Ontario Securities Commission (**Commission**) has received an Application (**Application**) from Euroclear Bank SA/NV (**EB**) pursuant to section 147 of the OSA requesting an order exempting EB from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the OSA (**Order**);

**AND WHEREAS** EB has represented to the Commission that:

- 1.1. EB is a company established under the laws of Belgium providing settlement and related securities services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds. EB offers participants a single access point to post-trade services covering domestic securities from over 40 markets.

EB is a wholly owned subsidiary of the Euroclear Group and a direct subsidiary of Euroclear SA/NV, a financial holding company within the meaning of article 4.1 (20) of Regulation (EU) 575/2013, and a Support Institution within the meaning of article 36/26 of the Belgian law of 22 February 1998 that owns a number of companies operating financial market infrastructures and other financial institutions.

Euroclear SA/NV is a subsidiary of Euroclear Holding SA/NV (EH), the ultimate parent financial holding company, within the meaning of Article 4(30) of Regulation (EU) 575/2013. EH's 10% and above shareholders are (i) Sicovam Holding S.A. (“Sicovam”) (15.89%), (ii) Société Fédérale de Participation et d'Investissement SA (12.92%), (iii) Caisse des Dépôts et Consignations (11.41%).

The remaining shareholders are predominantly financial institutions and, to EB's knowledge, there are currently no shareholders (other than those named above) holding, individually or acting in concert with other shareholders, 10% or more of EH shares.

- 1.2. EB is authorised as a Central Securities Depository (**CSD**) with a limited purpose banking license in the meaning of Regulation (EU) 909/2014 (**CSDR**), and operates the *Euroclear System*, a Securities Settlement System (**SSS**) in the meaning of Directive 98/26/EC (Settlement Finality Directive).

EB is subject to prudential supervision and oversight by the National Bank of Belgium (**NBB**) and to the supervision of the Belgian Financial Market and Services Authority (**FSMA**) for conduct of business rules.

- 1.3. EB has branches and representative offices in various countries:

- EB Hong Kong Branch – supervised by the Hong Kong Monetary Authority (restricted banking license);
- EB Polish Branch – supervised by the Komisja Nadzoru Finansowego (KNF);
- EB Japan Branch – supervised by the Japan Financial Services Agency (JFSA) as a Foreign Bank Agency Business;
- EB Representative Office in Beijing (China) – supervised by the National Administration of Financial Regulation (NAFR) and the Beijing Administration for Market Regulation (AMR);
- EB Representative Office in Dubai (United Arab Emirates) – supervised by the Dubai Financial Services Authority (DFSA);
- EB Representative Office in Frankfurt (Germany) – registered with Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin);

- EB Representative Office in New York (US) – supervised by the New York Department of Financial Services (NYDFS) and by the Federal Reserve Bank of New York (NY FRB); and
- EB Representative Office in Singapore – supervised by the Monetary Authority of Singapore (MAS).

EB is exempt from registration as clearing agency in the United States (US) and is subject to an Exemption Order granted by the Securities and Exchange Commission (SEC), revised on 16 December 2016 (Release No. 34-79577; File No. 601-01). EB is also recognised as a Third-Country CSD in the United Kingdom (UK) (as per the UK's CSD Regulation) and the "Euroclear System" is designated as a securities settlement system under the Financial Markets and Insolvency Regulations 1999.

- 1.4. Through compliance with the CSDR and Belgian/European banking requirements, EB addresses the relevant principles applicable to financial market infrastructures described in the April 2012 report *Principles for Financial Market Infrastructures (PFMI)* published by the Committee on Payments and Markets Infrastructures and the International Organization of Securities Commissions (**CPMI-IOSCO**).
- 1.5. Pursuant to its authorisation under CSDR, EB's service offering includes core CSD services, which comprise the operation of an SSS and acting as issuer CSD in the meaning of the EU Commission Delegated Regulation 2017/392, i.e. providing the notary service and the central maintenance service. The functions of SSS and issuer CSD are analogous to the concepts referred to in the PFMI published by the CPMI-IOSCO.
- 1.6. Pursuant to its authorisation under CSDR and its authorisation as a credit institution, EB's service offering comprises non-banking-type ancillary services and banking-type ancillary services. Non-banking-type ancillary services include new issues services (services to issuers through their agents, lead managers and issuing and paying agents), asset servicing, collateral management services, securities lending and borrowing services, general collateral access and funds-order processing. Banking-type ancillary services include money transfer services, credit management and treasury management.
- 1.7. EB has around 1800 participants that are predominantly financial institutions from all over the world, including banks, broker-dealers, custodians, financial market infrastructures (CSDs, central counterparties (CCPs)) and national central banks. EB currently makes available the services described in representations 1.5 and 1.6 above to Ontario residents who are participants in EB. Ontario resident participants in EB may include investment dealers, investment funds, banks, pension funds, asset managers and insurance companies, although it is possible there could be further unanticipated interest from other types of entities resident in Ontario in EB's services.
- 1.8. Access to EB services is subject to admission criteria, which all participants are required to meet on an ongoing basis and which are regularly reviewed taking into account both regulatory changes as well as business evolution.

As prerequisite to admission to EB, an applicant must meet the following preliminary conditions:

- be established in a jurisdiction that is not subject to sanctions or not subject to a call for action from the Financial Action Task Force (FATF) in the context of the fight against money laundering and terrorism financing;
- its participation in the Euroclear System will not cause Euroclear Bank to breach any law, order, Sanctions or regulation; and
- provide adequate information enabling Euroclear Bank to meet the applicable anti-money laundering and terrorism financing requirements that apply to Euroclear Bank.

Any applicant is required to meet the following five admission criteria: adequate financial resources, operational and technological capacity, legal capacity, internal control and risk management, and ethical standards.

EB may also impose additional conditions on applicants on a risk-based basis. For instance, additional conditions may be imposed in order to avoid that EB becomes exposed to additional reporting, disclosure or other legal, tax or regulatory requirements.

- 1.9. Upon admission in the *Euroclear System*, participants can make a request to subscribe to any of the services offered by EB. EB offers its services under an adhesion agreement denominated "Terms and Conditions governing use of Euroclear" where the rights and duties of participants are described.
- 1.10. EB does not have (nor does it intend to have) an establishment or physical presence in Ontario or elsewhere in Canada. Entities resident in Ontario may request access to EB and, upon admission as participants in the SSS operated by EB, adhere to the Terms and Conditions governing use of Euroclear ('Terms and Conditions'), which are governed by Belgian law.

**B.11: CIRO, Marketplaces, Clearing Agencies and Trade Repositories**

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1.11. EB submits that it does not pose a significant risk to Ontario capital markets and is subject to an appropriate regulatory and oversight regime in a foreign jurisdiction (Belgium).

**AND WHEREAS** EB has agreed to the terms and conditions attached hereto as Schedule "A" to this Order;

**AND WHEREAS** EB is required to comply with National Instrument 24-102 *Clearing Agency Requirements*;

**AND WHEREAS** based on the Application and the representations that EB has made to the Commission, in the Commission's opinion the granting of the Order to exempt EB from the requirement to be recognized as a clearing agency would not be prejudicial to the public interest;

**AND WHEREAS** EB has acknowledged to the Commission that the scope of and the terms and conditions imposed by the Commission attached hereto as Schedule "A" to this Order, or the determination whether it is appropriate that EB continue to be exempted from the requirement to be recognized as a clearing agency, may change as a result of the Commission's monitoring of developments in international and domestic capital markets, EB's activities or regulatory status, or any changes to the laws of the European Union, Belgium or Ontario affecting trading in or clearing and settlement of securities;

**IT IS HEREBY ORDERED** by the Commission that pursuant to section 147 of the OSA, EB is exempt from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the OSA;

**PROVIDED THAT** EB complies with the terms and conditions attached hereto as Schedule "A".

**DATED** this [•] day of [•], 2025.

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Ontario Securities Commission

## SCHEDULE "A"

### Terms and Conditions

#### Definitions:

For the purposes of this Schedule "A":

Unless the context requires otherwise, terms used in this Schedule "A" have the meanings ascribed to them elsewhere in this order and in Ontario securities law (as defined in the OSA).

#### COMPLIANCE WITH ONTARIO LAW

1. EB must comply with applicable Ontario securities law.

#### SCOPE OF CLEARING SERVICES

2. EB will continue to provide CSD and SSS services in Ontario pursuant to this order as generally described in paragraph 1.5 of EB's representations set out above in this order (**Clearing Services**).
3. For purposes of this order, **Ontario Participant** means a Participant resident in Ontario that uses the Clearing Services.
4. Ontario Participants will continue to use other services offered by EB as described under paragraph 1.6.

#### REGULATION OF EB

5. EB must maintain its status as a CSD and SSS authorized under the CSDR. EB is regulated and supervised by the NBB and will continue to be subject to the regulatory oversight of the NBB or any successors.
6. EB must continue to comply with its ongoing regulatory requirements as a CSD and SSS authorized under the CSDR or any comparable successor legislation, and with the ongoing regulatory requirements of the NBB, as applicable.

#### GOVERNANCE

7. EB must continue to promote a governance structure that minimizes the potential for conflicts of interest between EB and the Euroclear Group/its shareholders that could adversely affect the Clearing Services or the effectiveness of EB's risk management policies, controls and standards.

#### RULE MAKING

##### Purpose of Rules

8. (a) EB must have rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.  
(b) The Rules must not be contrary to the public interest.

#### REPORTING REQUIREMENTS

##### Prompt Reporting

9. EB must, promptly notify staff of the Commission of any of the following:
  - (a) a material change or proposed material change in EB's status as a CSD and/or SSS under CSDR or to the regulatory oversight of EB by the NBB or any successor;
  - (b) an event of insolvency by, or removal from the Clearing Services of an Ontario Participant;
  - (c) a material system failure of a Clearing Service impacting an Ontario Participant, including cybersecurity breaches;
  - (d) details of any material legal proceeding instituted against EB that could materially affect the safety and soundness of EB;
  - (e) notification that EB has instituted a petition for a judgment of bankruptcy or insolvency or similar relief or to wind up or liquidate EB, or has a proceeding for any such petition instituted against it;

- (f) notification that EB has initiated its recovery plan;
- (g) the entering of EB into any resolution regime or the placing of EB into resolution by a resolution authority;
- (h) any new services to be offered to Ontario Participants or services that will no longer be available to Ontario Participants; and
- (i) a material change to the eligibility criteria that would apply to Ontario Participants.

**Quarterly Reporting**

10. EB must maintain and submit the following information to the Commission in a manner and form acceptable to the Commission on a quarterly basis within 30 days of the end of each calendar quarter, and at any time promptly upon the request of staff of the Commission:
- (a) a current list of all Ontario Participants with their corresponding legal entity identifier (LEI), to the extent known by EB; and
  - (b) quantitative information in respect of the Clearing Services used by Ontario Participants, including the following:
    - i. The average daily value and number of settlement instructions for Ontario Participants, on an aggregate basis, during the quarter, by instrument type;
    - ii. The percentage of average daily value and number of settlement instructions during the quarter for all Participants that represents the average daily value and number of settlement instructions during the quarter for all Ontario Participants;
    - iii. The end of quarter level, maximum and average daily value of securities deposits held on behalf of Ontario Participants, on an aggregate basis, during the quarter; and
    - iv. The percentage of end of quarter level and average daily value of securities deposits held on behalf of all Participants that represents the end of quarter level and average daily value of securities deposits held on behalf of all Ontario Participants.

**Annual Reporting**

11. EB must maintain the following updated information and submit such information in a manner and form acceptable to the Commission on an annual basis (by January 31 of the following year) and at any time promptly upon the request of staff of the Commission:
- (a) a list of all Ontario Participants against whom disciplinary or legal action has been taken in the year by EB with respect to activities at EB; and
  - (b) a list of all Ontario applicants for status as a participant who were denied such status or access to EB in the year, together with the reasons for each such denial.

**INFORMATION SHARING**

12. EB must promptly provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws that would prevent the sharing of such information and subject to the application of solicitor-client privilege.
13. Unless otherwise prohibited under applicable law, EB must share information relating to regulatory and enforcement matters and otherwise cooperate with other recognized and exempt clearing agencies on such matters, as appropriate.