

BLG represents Fidelity in launch of its crypto business and bitcoin funds in Canada

Toronto (December 2, 2021) – BLG is proud to represent Fidelity Clearing Canada ULC (Fidelity Clearing) as the first IIROC dealer that can trade and custody crypto assets for institutional investors in Canada. BLG also represents Fidelity Investments Canada ULC (Fidelity Investments) in the launch of Fidelity Advantage Bitcoin ETFTM (the ETF), which invests directly in bitcoin and leverages Fidelity Clearing's bitcoin trading and custody solution to purchase and store bitcoin. The ETF began trading on the Toronto Stock Exchange on Dec. 2, 2021.

The BLG and Fidelity teams worked closely with the Canadian securities administrators and IIROC to customize a crypto solution that addresses clients' investment needs, while addressing investor protection concerns.

While other crypto asset trading platforms are relying on a time-limited registration as a restricted dealer while they transition to become an IIROC dealer, Fidelity Clearing decided to work with IIROC to develop a framework for IIROC dealers that want to trade and custody digital assets for Canadian investors.

At the same time, Fidelity Investments developed the ETF, as well as a mutual fund that invests in the ETF. In this connection, BLG assisted Fidelity Investments with obtaining several novel securities regulatory exemptions that allow Fidelity Investments to offer these investment funds in a manner that can fully leverage Fidelity's global bitcoin trading and custody solution. This relief included:

- Relief whereby Fidelity Clearing has become the first non-bank affiliated IIROC dealer permitted to act as a custodian for crypto assets and cash held by mutual funds and exchange-traded funds in Canada. Under this relief, Fidelity Clearing agrees to appoint Fidelity Digital Asset Services, LLC as its sub-custodian to hold the ETF's and other investment funds' crypto assets outside of Canada.
- The ability of the ETF to accept digital assets as subscription proceeds for creation units of the ETF. This makes the ETF the first bitcoin ETF in Canada to offer this in-kind subscription mechanism to its designated broker and dealers.

The collaborative problem solving engaged in with the regulators throughout this process signals a willingness by Canadian securities regulators to respond and adapt to the fast-developing asset class of cryptocurrencies and is a promising regulatory development for this industry in Canada.

BLG represented Fidelity with a team led by [Carol Derk](#) and [Julie Mansi](#), which included [Whitney Wakeling](#) (securities) in connection with the launch of the ETF and mutual fund and [Grace Pereira](#) (tax).

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