

## Digital Assets

While digital assets are now mainstream, the future remains largely uncharted. To protect what you've built and take advantage of what's next, you need the right partners — including a national team of strategic, creative, collaborative, award-winning advisors who know the rules across the country (and when they don't apply).

The digital asset industry is at the cutting edge of technology and law. BLG's legal practitioners understand the wide array of legal areas affecting digital assets, including, securities, consumer protection, trusts, privacy and commercial litigation, and routinely develop creative legal strategies to deliver strong results to clients. Businesses must strongly consider retaining experienced counsel to advance the strongest case possible when faced with an ever-changing landscape.

BLG's digital asset team has been trusted by trailblazers since 2017. We advised on the registration of Canada's first IIROC dealer to trade and custody crypto assets for institutional investors, Canada's first investment fund manager dedicated exclusively to cryptocurrency, and the first global platform to offer securities and fan tokens.

BLG was also involved in providing regulatory advice on the development of policies and procedures for Canada's first investment dealer to offer bitcoin futures and was counsel in one of the first cases in Canada where the court grappled with what cryptocurrency is in law, and how cryptocurrencies can be recovered.

Our team helped one of the first blockchain technology companies become publicly listed on a Canadian stock exchange. We later helped this company become one of the first crypto asset trading platforms to complete a public financing in Canada.

These "firsts," plus the dozens of other digital assets matters we've been involved with, demonstrate our ability to ask the right questions, understand evolving regulations across jurisdictions and navigate the unwritten rules. Our experience in related sectors makes us well positioned to provide digital asset advice.

Our financial services group understands the application of the legal requirements relating to money service businesses, payments, consumer protection, competition, privacy and market conduct rules.

Our investment management group, which holds a Band 1 ranking from Chambers, is the largest in Canada and can assist with all digital assets projects undertaken by asset managers. Our derivatives group has won the Canadian Derivatives Law Firm of the Year award ever since the category was established in 2014 by Global Capital and is actively involved in determining the application of derivatives laws to digital asset businesses. Our securities and capital markets group knows how to finance growing companies and help them access the public markets and has extensive experience in addressing the issues faced by businesses in the

digital asset sector. Finally, our disputes group has extensive experience in fighting and resolving disputes relating to digital assets, including class actions.

At BLG, we strive to be more than leaders in the innovative delivery of legal services; we collaborate with our clients to help them meet their business goals and to enhance our broader communities.

We are creative problem solvers and work with regulators and industry groups, such as IIROC's Crypto-Asset Working Group and the Canadian Blockchain Consortium, to influence the direction of the digital asset sector and to give the next generation of entrepreneurs a strong start.

In addition to direct industry involvement, one of our key team members is the founder of BLG's Driven By Women initiative to support women in business. As a firm, we're active promoters of equity and inclusion, with a strong national ESG practice.

Our clients in the digital asset sector range from start-ups to Fortune 500 companies, including:

- Crypto asset trading platforms and exchanges
- Investment funds and their managers
- Financial services companies
- Crypto asset custodians
- Canadian and foreign MSBs
- Businesses that want to use cryptocurrency as a payment method
- DeFi companies
- Digital payments service providers
- Software and technology companies
- Crypto asset advisers and brokers
- Blockchain solution providers

We can help you with:

- Determining and implementing your legal obligations
- Regulatory compliance and registration
- Developing new digital asset products and services
- Creating and offering public and private crypto asset investment funds
- Advice regarding taxes, including GST/HST and advantageous business structures
- Internal and external audits, including CRA audits, tax disputes and tax litigation
- Civil, regulatory and criminal investigations and court orders, including regarding the seizure of digital assets and other fraud-related remedies
- Drafting compliant policies and procedures
- Token and other digital asset financing, both public and private
- Money services business issues
- Smart contracts solutions
- All the usual business-related issues, including privacy concerns and complying with privacy-related obligations, financing your business, taking your company public, mergers and acquisitions, intellectual property rights and information management, litigation support, and cross-border and cross-jurisdictional issues

## Trading platforms and dealers

- Advising on an institutional crypto asset trading platform for both an IIROC member and its foreign custodian, including obtaining novel exemptive custodial and capital relief
- Acting for many of the entities granted restricted dealer status by the CSA to offer crypto asset trading platforms
- Acting for a global payments provider in developing a crypto interface and API for Canadian financial institutions
- Advising on the application of an exchange (marketplace) for both crypto assets and security tokens (with secondary trading) with both provincial securities commissions and IIROC
- Advising on the application of a hybrid money services business / crypto asset trading platform offering multiple services (both deliverable and non-deliverable crypto)
- Advising foreign and domestic money services businesses as to compliance with “dealing in virtual currencies”
- Registration of an exempt market dealer to operate a web-based digital platform for the distribution of digital securities to eligible investors pursuant to prospectus exemptions
- Partnered with BlockFilm to advise and assist on the launch of its global digital platform and obtained novel relief exempting it from certain securities regulatory requirements

## Adviser / Investment Fund Manager

- Represented the first registrant to obtain registration as an investment fund manager in Canada focused on cryptocurrency investments
- Acting for the first crypto asset-focused portfolio manager in Canada
- Sought approval for traditional equity portfolio managers to add cryptocurrency as an asset class or exposure to the blockchain industry, including developing proficiency waivers for individuals that do not have the usual CFA/CIM education

## CIRO Dealers

- Represented the first CIRO (previously IIROC) dealer that is permitted to trade and custody crypto assets for institutional investors in Canada
- Working with a number of CIRO dealers (both order execution only and full-service brokerage) to add crypto assets as an additional asset class.
- Acted for the first investment dealer in Canada to offer bitcoin futures, providing a regulatory framework and developing policies and procedures

## Product Development

### Financial services regulatory

- Supporting businesses that provide crypto/virtual currency services and products to Canadians, and that need to navigate relevant laws that apply to these businesses and companies
- Building anti-money laundering/anti-terrorist financing and sanctions legal and compliance programs for companies engaged in crypto/virtual currency products and services
- Engaged in the development and deployment of central bank digital currencies in Canada and globally, including the related legislative, regulatory and technical matters

- Supporting financial institutions, such as banks, credit unions, and trust companies, with their legislative and regulatory considerations when interacting with crypto/digital asset companies, products and services
- Knowledgeable about the regulatory and business movements with respect to open banking in Canada and globally

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## **BLG | Canada's Law Firm**

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 725 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

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