

**For Immediate Release
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CSA provides update to crypto trading platforms operating in Canada

TORONTO and CALGARY – Following recent events in the crypto market, the Canadian Securities Administrators (CSA) is strengthening its approach to oversight of crypto trading platforms by expanding existing requirements for platforms operating in Canada.

On August 15, 2022, the CSA [announced](#) that it expected commitments from unregistered crypto trading platforms operating in Canada while they pursue registration. These commitments were to be made to their principal regulator in the form of a pre-registration undertaking (PRU), which included terms and conditions consistent with requirements currently applicable to registered platforms.

If a platform currently subject to securities legislation in Canada does not deliver a PRU to its principal regulator or cease operating, the CSA will consider all applicable regulatory options to bring the platform into compliance with securities law, including enforcement action. CSA members will shortly communicate to platforms a deadline by which PRUs must be delivered. Platforms located outside of Canada that are accessible by Canadians are regarded as operating in Canada for the purposes of securities regulation.

Crypto trading platforms giving these undertakings agree to comply with expanded terms and conditions that will include, among other things, requirements to hold Canadian clients' assets with an appropriate custodian and segregate these assets from the platform's proprietary business, as well as a prohibition on offering margin or leverage for any Canadian client.

Custodians will generally be considered qualified if they are regulated by a financial regulator in Canada, the U.S., or a similar jurisdiction with a supervisory regime for conduct and financial regulation.

CSA members will contact registered crypto trading platforms individually to discuss the application of the expanded terms and conditions to those firms. The CSA will publish further details about this updated approach in the future.

Additionally, as outlined in its [business plan](#), the CSA continues to monitor and assess the presence and role of stablecoins in Canadian capital markets. As a result of this ongoing work, the CSA is of the view that stablecoins, or stablecoin arrangements, may constitute securities and/or derivatives. Crypto trading platforms that are registered or that have entered into a pre-registration undertaking are reminded that they are prohibited from permitting Canadian clients to trade, or obtain exposure to, any crypto asset that is itself a security and/or a derivative. Crypto trading platforms are expected to have established policies and procedures to determine whether each crypto asset they provide exposure to is a security and/or derivative.

Even with the adoption of these measures, crypto assets or financial products relating to crypto assets are high-risk investments. These risks could result from, among other things, crypto

trading platform non-compliance with registration terms and conditions or undertakings, interconnectedness within the crypto sector, insolvency, hacks, price volatility and uncertain value propositions for individual assets. Canadian investors are urged to exercise caution and consider seeking advice from a registered investment advisor before investing in crypto; if they choose to pursue such an investment, despite all known risks, they should use a platform that is [registered](#) with CSA members.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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