For Immediate Release
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Prediction markets: CSA and CIRO provide guidance on certain types of event contracts

Montréal – The Canadian Securities Administrators (CSA) and the Canadian Investment Regulatory Organization (CIRO) published a joint notice providing new guidance on prediction markets.

In light of interest in event contracts based on sports and entertainment events or outcomes, this guidance clarifies that in the view of the CSA, these should not be regulated within securities and derivatives legislation, and that CIRO does not consider it appropriate to facilitate or approve an application by their dealer members to trade these types of event contracts.

"It is important for investors and market participants to understand that event contracts based on sports- or entertainment-related activities or outcomes should not be regulated within securities and derivatives legislation," said Stan Magidson, CSA Chair and Chair and CEO of the Alberta Securities Commission. "This notice provides important clarifications regarding the role and responsibility of Canadian securities regulators when it comes to certain types of event contracts."

With respect to the regulatory status of other types of event contracts not addressed in today's guidance, assessment is ongoing.

Regarding the current regulatory framework, to date, two CIRO dealer members have been authorized to facilitate the trading of a limited set of event contracts. These CIRO dealer members must comply with certain terms and conditions set out by CIRO, in consultation with the CSA, and such activity may be subject to further restrictions or other changes in the future. Anyone trading, or facilitating trading, in event contracts that are securities or derivatives must follow applicable requirements under securities and derivatives legislation.

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

The Canadian Investment Regulatory Organization (CIRO) is the pan-Canadian self-regulatory organization that oversees all investment dealers, mutual fund dealers and trading activity on Canada's debt and equity marketplaces. CIRO is committed to the protection of investors, providing efficient and consistent regulation, and building Canadians' trust in financial regulation and the people managing their investments. For more information, visit www.ciro.ca.

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