

For Immediate Release
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The Canadian Securities Administrators Launches a Regulatory Sandbox Initiative

MONTREAL – The Canadian Securities Administrators (CSA or we) today launched a regulatory sandbox, an initiative that supports businesses seeking to offer innovative products, services and applications.

“The objective of this initiative is to facilitate the ability of those businesses to use innovative products, services and applications all across Canada, while ensuring appropriate investor protection,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers. “We will consider applications, including for time-limited registrations, on a coordinated and flexible basis to provide a harmonized approach throughout Canada for business models, whether they are start-ups or incumbents. Our ability to regroup and coordinate our involvement and expertise in this busy environment is another example that demonstrates the agility and proactivity of the CSA,” concludes Louis Morisset.

The CSA regulatory sandbox is open to business models that are truly innovative from a Canadian market perspective. The CSA will assess the merits of each business model, on a case-by-case basis, and businesses that register or receive relief could be permitted to test their products and services throughout the Canadian market.

Examples of potential business models eligible to the CSA regulatory sandbox are:

- online platforms, including crowdfunding portals, online lenders, angel investor networks or other technological innovations for securities trading and advising;
- business models using artificial intelligence for trades or recommendations;
- cryptocurrency or distributed ledger technology based ventures; and
- technology service providers to the securities industry, such as non-client facing risk and compliance support services (also known as regulatory technology or regtech).

To apply to the CSA regulatory sandbox, businesses should contact their local securities regulator, which will consider its eligibility and refer it to the CSA regulatory sandbox if it provides genuine technological innovation in the securities industry. As part of the application process, CSA Staff may request live environment testing, a business plan and demonstration of potential investor benefits (as well as how investor risks are minimized).

Local securities regulators can also provide early stage guidance on the application of current securities regulatory obligations, as well as information and support.

The CSA, the council of the securities regulators of Canada’s provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

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