CSA/ACVM

Canadian Securities Administrators

Autorités canadiennes en valeurs mobilières

Year in Review

July 1, 2025 - June 30, 2026

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About the CSA

As the council of Canada's provincial and territorial securities regulators, the objective of the Canadian Securities Administrators (CSA) is to improve, coordinate and harmonize regulation of the Canadian capital markets to ensure the smooth operation of Canada's securities industry and to protect investors. By collaborating on rules, regulations and other programs, we harmonize securities regulation in Canada, avoid duplication of work and streamline the regulatory process for companies seeking to raise capital.

Our mission

The CSA is committed to a harmonized securities regulatory system in Canada that:

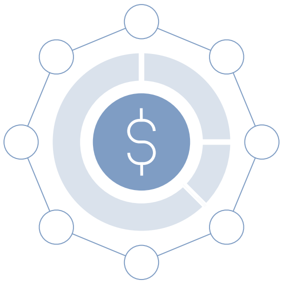
- provides protection to investors from unfair, improper or fraudulent practices;
- fosters fair and efficient capital markets; and
- reduces risks to market integrity and maintains investor confidence in the markets, while retaining the regional flexibility and innovation that are integral to our system of provincial and territorial regulation.

Introduction

Each year, we publish a *Year in Review* report as an update on progress made under the CSA's three-year business plan, as well as additional priorities or initiatives undertaken in response to emerging issues and changing market conditions.

This year's report generally covers the activities undertaken between July 1, 2025, and June 30, 2026, under the 2025–2028 Business Plan.

Four Strategic Goals

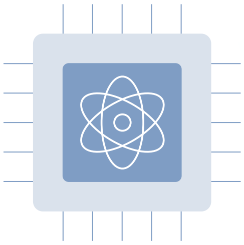


Focus on the capital markets:

We are committed to maintaining an effective and efficient regulatory framework that supports the development of internationally competitive Canadian capital markets.

Focus on investors:

Investor protection enhances confidence in the markets and is pivotal to market integrity and long-term resilience.



Focus on innovation and technology:

Innovation and technology continue to reshape how capital markets operate. Regulatory approaches must reflect the business realities of market participants.

Focus on systemic risk:

Maintaining the stability and integrity of Canada’s capital markets is a core responsibility of the CSA.

2025-2026 by the numbers

763

investor alerts, cautions and warnings issued to help protect the public, of which more than 85 per cent related to crypto assets.

20.4 million

Canadians reached through our *Spot the Red Flags of Fraud* investor education campaign.

11,728

malicious websites deactivated through technology-enabled fraud detection, representing 19,860 individual URLs.

47

companies and individuals permanently banned from participating in the capital markets following enforcement proceedings.

13

crypto-related enforcement matters pursued by CSA members to protect the integrity of the capital markets.

262

instances of of formal assistance and referrals provided by CSA members to one another and to other agencies, including 150 to foreign regulators in enforcement-related matters.

54

publications issued to signal the final adoption of rule changes, consultations, blanket orders and guidance on CSA initiatives, policy developments and market updates.

95+

stakeholder engagements conducted with industry associations, investor advocates, international regulators and forums, Indigenous advocacy groups and organizations, standard setters and federal peers, relating to ongoing policy initiatives.

Chair's letter

Canada's capital markets are operating in an environment shaped by geopolitical uncertainty, rapid technological change and evolving investor expectations. For the CSA and its members, these dynamics reinforce the importance of coordinated, practical and responsive regulation. Over the past year, we advanced the priorities set out in the 2025–2028 Business Plan with a clear focus on supporting the competitiveness of Canadian capital markets, reducing unnecessary regulatory burden and maintaining strong investor protection.

This *Year in Review* outlines progress across our strategic priorities and highlights initiatives designed to ensure our regulatory framework remains practical and effective.

Competitiveness remains a central priority. CSA members are implementing measures to make it easier and more cost-effective for businesses to raise capital and grow, including changes for companies that choose to go public. Within the year, we took steps to streamline initial public offering (IPO) disclosure requirements, increase flexibility for prospectus marketing disclosure, enhance existing prospectus exemptions and implement voluntary semi-annual reporting for smaller venture issuers. Most recently, we published a consultation that seeks feedback on ways to modernize our regulatory framework and better reflect today's market environment. This consultation stems from ongoing engagement with market participants on what changes can have the most meaningful impact for companies, investors and intermediaries.

Alongside my colleague Mr. Grant Vingoe, the Chief Executive Officer of the Ontario Securities Commission and CSA Policy Coordination Committee Chair, I had the opportunity in March to appear before the Standing Senate Committee on Banking, Trade and Commerce as part of its study on access to credit and capital markets for small- and medium-sized enterprises. This engagement contributed to national discussions on the role of securities regulation in supporting capital formation and economic growth, and underscored the importance of a coordinated ecosystem where federal and provincial regulators, policymakers, businesses and investors all play a role in improving access to capital.

We advanced work to support innovation in capital markets through the CSA Collaboratory, a dedicated space for regulators and innovators to leverage and channel collective intelligence in support of Canada's evolving capital markets. This mechanism allows businesses to engage early with regulators on novel products, technologies and market structures before launch. Our efforts are intended to provide a principles-based approach to regulating in the public interest. A key competitiveness objective of this work is ensuring that Canadian regulation remains adaptive as capital markets evolve, so that innovative businesses can test and scale products domestically. This year, tokenization emerged as a notable area of focus as financial institutions continue to develop and launch tokenized products. These efforts brought regulators, market participants and innovators together to better understand the implications of emerging technologies.

In parallel, we continued to monitor developments in areas such as prediction markets and stablecoins to assess their potential impact on investor protection and market integrity. These evolving areas require close coordination among provincial and federal peers to ensure a consistent and effective regulatory approach.

CSA members continued to reinforce investor protection measures by combatting online fraud, developing investor education programs and advancing policy initiatives that help instill confidence in our markets. Enforcement remains a cornerstone of the CSA's mandate, and this year in review highlights key enforcement priorities and results, with our enforcement statistics available in the Appendix of this report. As part of our ongoing disruption efforts, the CSA announced an initiative to help disarm and disable scam websites, supporting efforts to protect Canadians from online harm. Since launching this initiative, CSA members have worked together to facilitate the deactivation of more than 11,700 fake investment platforms and crypto scam websites. This initiative strengthens CSA members' ability to disrupt online investment fraud on a larger scale and disable scam websites earlier, before they can reach a large number of Canadians.

Our work also continued in close coordination with domestic and international partners. Several CSA members participated in the International Monetary Fund's (IMF) 2024–2025 Financial Sector Assessment Program, contributing to the review of Canada's financial system's regulatory and oversight framework. We welcomed the IMF's findings that Canada's financial sector is mature and resilient, with comprehensive oversight, and its note that securities regulators play an important role in supporting financial stability.

Similarly, CSA members contributed to an assessment of Canada's efforts and measures to combat money laundering and terrorist financing. The assessment was completed by the Financial Action Task Force, an international organization that evaluates the effectiveness of anti-money laundering and anti-terrorist financing regulatory regimes. Although detecting and prosecuting money laundering and terrorist financing is not part of CSA members' mandates, this year's assessment recognized how their enforcement activities address securities-related misconduct that can give rise to illicit proceeds used in money laundering.

Stakeholder engagement remained a critical component of our work. Through consultations, roundtables, workshops and ongoing dialogue, we continued to connect with a wide range of stakeholders to support informed and effective policy development.

We also strengthened relationships with Indigenous communities, Indigenous financial institutions, businesses and partners. This work is grounded in a commitment to meaningful engagement, recognizing that building trust and lasting relationships requires sustained effort, listening and a willingness to reflect diverse perspectives in our approach.

The CSA's strength lies in the continued collaboration, expertise and commitment of its members across the country. Our uniquely Canadian approach provides a strong foundation for coordinated and intelligent regulation, supported by deep expertise across jurisdictions.

Just weeks before this report was published, Ontario's Minister of Finance announced his province's commitment to join Canada's national securities regulatory passport system. This is an important milestone toward greater harmonization and reflects the collaborative approach that underpins the CSA. It is a major step forward in strengthening our national securities regulatory system, removing interprovincial trade barriers and reducing regulatory burden for companies seeking to do business across Canada. CSA members will work collaboratively to support and advance discussions on this commitment.

I am pleased to continue as Chair of the CSA for an additional two years under my current term, and to work alongside newly nominated Vice-Chair Mr. Roger Sobotkiewicz, Chair and Chief Executive Officer of the Financial and Consumer Affairs Authority of Saskatchewan. Together with our colleagues across the CSA, we will continue to advance the priorities set out in our business plan and respond to emerging challenges and opportunities.

I would like to thank CSA members and their staff for their dedication to harmonizing and making financial market regulation and oversight more consistent across Canada. By working collaboratively and drawing on a range of perspectives, we will continue to strengthen Canada's capital markets, encourage investor confidence and ensure our regulatory approach remains practical and responsive in a rapidly evolving environment.

Stan Magidson, KC
CSA Chair

Strategic Goal 1:

Focus on the capital markets

This year, we advanced regulatory initiatives that strengthened the competitiveness of Canada's capital markets while maintaining appropriate investor protection.

CSA members proposed and implemented changes that expanded capital-raising opportunities for both public and private issuers. These initiatives reflect our most recent efforts to respond to broader shifts in Canadian capital-raising practices and market participation, alongside the continued need for a regulatory framework that remains focused on proportionate regulation.

This work is part of a sustained effort to modernize the regulatory framework for public companies. We considered how Canada's securities regulatory environment can adapt to the evolving needs of investors, reporting issuers and other market participants. We recognize that for public markets to remain strong and effective in Canada, the regulatory environment must be tailored and responsive while maintaining robust investor protection.

We prioritized initiatives that support more efficient access to capital for small, medium and large enterprises, including:

- Publishing a multilateral proposal to develop a harmonized self-certified investor prospectus exemption. The exemption, when implemented, will complement existing prospectus exemptions by providing an additional capital-raising option for both public and private Canadian issuers and an additional avenue for eligible investors to participate in private capital markets, subject to prescribed conditions.
- Implementing a voluntary regime allowing smaller public companies to file semi-annual rather than quarterly financial statements, reducing their costs. This option is available to venture issuers with annual revenues of less than $10 million – the majority of public companies.
- Increasing the capital-raising limits for the listed issuer financing exemption. This exemption reduces costs for eligible listed issuers by allowing them to raise capital publicly without a prospectus. In the first year after these changes, hundreds of listed issuers have used the exemption, raising almost $4 billion, a pace of capital-raising eight times higher than what had occurred under the original, lower limits.
- Advancing targeted reforms affecting transaction rules and market structure to support transparency and ensure that the take-over bid regime continues to function effectively in modern market conditions.

These efforts to further refine our proportionate approach to regulation reflect a continued focus on improving capital formation and removing unnecessary burden, particularly for small- and medium-sized enterprises.

We remain dedicated to fostering a resilient, efficient and competitive capital market that continues to meet the needs of Canadian investors and businesses.

Looking ahead

We recently launched a consultation to explore additional proposals to improve the regulatory framework for public companies, with a view to fostering competitiveness. The consultation focuses on proportionate regulation, alternative financial reporting requirements, hold periods for private placements and material change reporting. As part of this work, we continue to actively monitor relevant international developments.

The consultation will inform the next phase of reforms to support access to capital, improve competitiveness and ensure our regulatory regime is appropriately calibrated and current.

Updates on initiatives under Strategic Goal 1

Amend the Listed Issuers Financing Exemption

In previous years, the CSA introduced the listed issuer financing exemption (the exemption) to offer a more efficient capital-raising option for reporting issuers that, among other things, have securities listed on recognized exchanges and have filed all timely and periodic disclosure documents required under securities legislation. In May 2025, we issued Coordinated Blanket Order 45-935 *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption* to provide exemptive relief from certain conditions, which increased the capital-raising limits under the exemption.

On July 23, 2026, the CSA proposed rule amendments to National Instrument 45-106 *Prospectus Exemptions* and corresponding changes to the companion policy that if implemented would further enhance and codify this exemptive relief.

Review private placement hold periods

On July 16, 2026, the CSA published CSA Consultation Paper 51-406 *Modernizing the Regulation of Public Companies* to obtain stakeholder input on potential ways to modernize some areas of securities legislation in relation to reporting issuers, including proportionate regulation of venture and non-venture issuers; alternative financial reporting requirements, such as a modified application of certain International Financial Reporting Standards; hold periods for private placements by reporting issuers; a potential new prospectus exemption for institutional securities purchasers; and material change reporting requirements.

Develop a proposal for semi-annual reporting

On March 19, 2026, CSA members implemented a voluntary semi-annual financial reporting (SAR) regime through Coordinated Blanket Order 51-933 *Exemptions to Permit Semi-Annual Reporting for Certain Venture Issuers*. This allows certain eligible publicly traded issuers to voluntarily adopt SAR instead of filing quarterly interim financial reports together with management's discussion and analysis, subject to certain terms and conditions. The CSA is now engaging in a broader rule-making project to codify voluntary semi-annual financial reporting for eligible reporting issuers and will use learnings from the interim SAR regime to inform this work.

Review early warning reporting regime and take-over bid regime

On May 14, 2026, the CSA released proposed amendments and changes to several of its instruments and companion policies dealing with issuer bids, take over bids and beneficial ownership reporting. These proposed changes aim to give issuers more flexibility to buy back their own securities, require better disclosure of derivatives holdings that resemble the economic effects of owning a security, and reduce regulatory burden. They also seek to strengthen the issuer bid, take over bid and early warning reporting frameworks through clarifying updates and additional policy guidance.

Respond to changes in our capital markets

Multilateral Instrument 45-111 *Self-Certified Investor Prospectus Exemption* was published for comment on September 25, 2025, by most CSA members. These amendments aim to replace and harmonize local exemptions for self-certified investors. It would support capital-raising for Canadian businesses and increase investment opportunities for investors who, based on their education or experience, can adequately assess and understand the risks of investing but who may not meet the criteria to be an accredited investor. To invest as a self-certified investor, a person would have to certify that they meet at least one of the qualifying criteria and acknowledge the investment risks. Self-certified investors would be permitted to invest, in aggregate, up to $50,000 per calendar year across multiple businesses.

Implement registration delegation to the Canadian Investment Regulatory Organization (CIRO)

Securities regulatory authorities in Canada delegated the registration function to the Canadian Investment Regulatory Organization (CIRO), allowing it to register investment dealers, mutual fund dealers, futures commission merchants (Ontario) and derivatives dealers (Québec), including individuals who act on their behalf. Following delegation, CSA members are enhancing oversight of CIRO, developing regulatory policy, addressing novel issues that may arise in registration applications, and granting exemptive relief applications as needed.

Strategic Goal 2:

Focus on the investor

Investor protection remains central to the CSA's work amid an evolving risk environment for Canadian investors. Disrupting investment fraud is critical as it becomes increasingly borderless and sophisticated.

Fraudsters continue to leverage social media, digital crypto-related narratives, fake investment platforms and tools such as deepfakes to reach investors in online spaces where they spend increasing amounts of time. Preventing investment fraud cannot be achieved through a single solution – it requires a multifaceted approach. Protecting investors includes disrupting scams earlier, providing Canadians with practical information to recognize warning signs, and collaborating with our regulatory and industry partners to strengthen a broader and national anti-fraud response.

This year, CSA members continued to take practical steps to reduce harm by disrupting fraudulent activity targeting Canadians. We implemented a program to identify and successfully deactivate more than 11,700 fraudulent investment platforms and crypto scam websites targeting Canadians involving more than 19,500 individual URLs. These sites use fake promises of guaranteed returns, impersonations of financial services firms or regulators, and misleading claims to attract investors. This new project uses online fraud detection technology and early intervention to prevent harm on a larger scale. Many of these websites were deactivated within 24 hours of detection. This type of disruption tool is used by a limited number of international regulators and helps reduce the reach of online scams before more Canadians are harmed.

In line with our own enforcement efforts, the CSA welcomed announcements from the federal government on its efforts to establish a National Anti-Fraud Strategy. The strategy intends to engage across sectors with multiple regulatory and law enforcement organizations, including telecommunications service providers and digital platforms, in a coordinated effort to combat fraud. The CSA provided a submission to this consultation, sharing our practical capital markets perspective and drawing on our pan-Canadian coordination experience. The submission also elaborated on CSA members' existing enforcement powers, investor education and fraud prevention expertise and tools, and our disruption initiatives and investigative efforts aimed at combating investment fraud across the country. The CSA welcomes the federal government's comprehensive approach to a national strategy to combat fraud and remains committed to working with federal, provincial and municipal partners to strengthen coordination and information-sharing.

Disrupting scams is only one part of the CSA's approach to investor protection. Canadians also need practical information to recognize risks and warning signs before they invest. Through the *Spot the Red Flags of Fraud* campaign, we showed how fraudsters build trust, create urgency and use familiar online tactics to draw people into fake investment opportunities. We also know from existing research that Canadians who experience stressful or life-changing events may be more vulnerable to online misinformation. The *Spot the Red Flags of Fraud* campaign ran across Meta, YouTube and Reddit, and was viewed more than 30 million times by Canadians in the same online spaces where scams often appear.

To improve our understanding of investor behaviour and motivations, we undertook targeted research on how communications can better support real-world investor decisions. The research tested behavioural approaches to reducing susceptibility to online investment scams promoted through social media, with a particular focus on crypto-related scams. The findings revealed an important insight – a gap between the messages people like and the messages that work. People preferred messages in the form of checklists, reminders or practical tools to support informed decision- making. However, the messages that change behaviour and reduce fraud susceptibility are those that capture attention, interrupt passive scrolling and prompt greater vigilance. Insights from this work will help shape our investor education and communications so that they are clear, practical and more likely to support better individual decision-making.

The CSA also addressed the growing influence of online financial content creators, also known as finfluencers. When done properly, finfluencers can play a positive role in providing general financial advice and investor education. They may raise awareness about the importance of investing, popularize financial topics and provide retail investors with easily accessible and helpful information about investing. However, some finfluencers' activities can introduce new risks to investors. To address those risks, we issued guidance to help finfluencers, registrants and others involved in paid financial promotions to better understand regulatory expectations that may be applicable to them. This included information on when online content may be considered personalized financial advice, what rules apply when someone is paid to promote a financial product, and what registrants and issuers should consider when working with online financial content creators.

In parallel, several CSA members participated in an international initiative, *Global Week of Action Against Unlawful Finfluencers*. CSA members undertook a range of enforcement actions such as removing online content, undertaking consumer awareness programs and conducting educational outreach with finfluencers on how securities regulations may apply to them.

Investor perspectives continue to be crucial in informing our work. The CSA Investor Advisory Panel (IAP) provides insights and expertise on matters with significant implications for retail investors in our initiatives. By engaging early in the policy development process, the panel helps identify potential investor concerns before proposals are made public, strengthening regulatory outcomes and ensuring that investor interests remain at the centre of CSA policymaking. You can learn more about the IAP's activities on our website.

Together, these efforts show how the CSA is adapting investor protection to today's landscape. Our objective is clear: to help Canadians recognize risks earlier, avoid fraud and participate in capital markets with greater confidence.

Looking ahead

As fraud tactics continue to evolve, the CSA will continue to strengthen its response through coordination, disruption, education and research-informed communications.

Our focus will remain on helping investors identify risks earlier, supporting more responsible online financial content and working with partners to strengthen Canada's broader response to investment fraud.

In parallel, we remain fully committed to finalizing a framework for an independent dispute resolution service with binding decision authority and enhancing protection for seniors and vulnerable investors.

Updates on initiatives under Strategic Goal 2

Pursue coordinated disruption of online investment fraud

On December 11, 2025, the CSA announced the launch of a service that detects and disarms fraudulent investment websites. This service proactively finds, reviews and disrupts scam sites that target Canadians. To identify these sites, the CSA relies on several sources, including complaints and referrals made to securities regulators and the Canadian Anti-Fraud Centre (CAFC), as well as automated tools that scan and analyze websites.

Following reports concerning cross-border online investment networks, several CSA members, the Competition Bureau of Canada and the North American Securities Administrators Association (NASAA) collaborated to share intelligence, assess investor risks and coordinate investor awareness initiatives. This collaborative effort supported the issuance of multiple investor warnings highlighting key characteristics of the scheme, including promises of guaranteed or unrealistic returns, alleged AI-generated trading signals, multi-level marketing recruitment tactics and heavy promotional activities on social media platforms. This coordinated approach helped strengthen investor protection by drawing attention to several indicators of fraud, including the use of multiple rotating website domains, unregistered trading platforms, misleading regulatory claims and compensation structures that appear to rely more heavily on participant recruitment than on legitimate investment activity.

Address market abuse and abusive promotional activity

On July 3, 2025, the CSA released Staff Notice 51-366 *Regulatory Concerns with Certain Asset or Business Acquisitions*, which highlighted concerns about these types of transactions, mainly in the venture markets. The notice explains that some transactions may involve misleading disclosure that could amount to market manipulation.

The CSA raised concerns about reporting issuers issuing large numbers of securities to buy assets or businesses that seem to have little or no real value or operating history at prices that appear significantly inflated. The CSA also noted overly promotional or unbalanced marketing campaigns used to support these acquisitions and inaccurate records of the purchase price, in some cases inflated by intangible assets or goodwill based on assumptions that are not supported by evidence. The CSA has also been collaborating with CIRO and stock exchanges to address perceived gaps in their gatekeeper roles and responsibilities with respect to such transactions and to develop a cohesive strategy to prevent abusive conduct in venture markets.

Strengthen Ombudsman for Banking Services and Investments’ (OBSI) powers

On July 15, 2025, the CSA published for comment a proposed approach to oversight and refinements to the proposed binding authority framework for an independent dispute resolution service that can make binding decisions with respect to investment disputes. The CSA anticipates that OBSI would be the dispute resolution service. The consultation included a proposed oversight model for OBSI and proposed additional details for the review and decision stage of the dispute resolution process. The consultation notice also noted that many CSA jurisdictions would require legislative amendments to enable the proposed framework.

Assess alternative marketing and distribution channels risks

Responding to new trends in alternative securities marketing and distribution channels, CSA and CIRO published Joint Staff Notice 31-369 *Guidance on The Application of Securities Legislation to Finfluencer Activity* on December 11, 2025. This notice provided guidance on how securities laws apply to the activities of finfluencers, and to registrants and issuers who work with them.

Develop fraud prevention and investor protection communication tools

The CSA continued running its *Spot the Red Flags of Fraud* campaign on social media platforms. The campaign ran during Investor Education Month and Financial Literacy Month in October and November 2025 and during Fraud Prevention Month in spring 2026. The video and static content was viewed more than 30 million times, with the video alone generating over 5 million views.

The CSA also tested the effectiveness of behavioural, evidence-based communications in reducing susceptibility to online investment scams, to support improved effectiveness of future messaging. The CSA evaluated different ways to help investors recognize scams, including videos that exposed common scam tactics, interactive exercises that tested investors' ability to spot warning signs, checklists that reinforced safe investing habits, and messages that encouraged people to pause and reflect before making investment decisions.

Pursue collaboration with federal law enforcement agencies

The CSA has been building a strong network of law enforcement partnerships with the Royal Canadian Mounted Police (RCMP) and its Integrated Market Enforcement Teams (IMETs), the Canadian Anti-Fraud Centre (CAFC) and the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to strengthen the detection and disruption of financial misconduct, online investment fraud and securities law violations. The CSA has also engaged with federal counterparts on the newly announced Financial Crimes Agency (FCA) to gain a better understanding of its priorities and to define a collaborative mechanism in support of the establishment of this agency.

The CSA organizes and participates in multi-jurisdictional disruption operations such as *Operation Avalanche*. This initiative, organized by the British Columbia Securities Commission, brought together CSA members, the RCMP, the Vancouver Police Department, the U.S. Secret Service and registered crypto trading platforms to identify and contact potential victims of online fraud and disrupt malicious activities in real time. In December 2025, CSA members participated in *Maple Disruption*, organized by the RCMP's Cybercrime Coordination Centre (NC3) and the CAFC. Experts from more than 25 organizations took part in this initiative to identify and disrupt the systems that fraudsters and cybercriminals rely on to commit their crimes, including malicious email addresses, phone numbers and cryptocurrency accounts. CSA members will continue to participate in upcoming multi-sectoral disruption activities.

The CSA has also been working with the CAFC and RCMP to improve information flow about fraud complaints received by the CAFC. Finally, the CSA collaborated with the federal government by submitting responses to federal consultations on the National Anti-Fraud Strategy and on consumer-targeted fraud amendments to the *Bank Act*.

Strategic Goal 3:

Focus on innovation and technology

Innovation and technology are reshaping how capital markets work as the pace of change continues to accelerate.

For regulators, this means working closely with industry, investors and innovators to understand how new tools are being used and ensuring regulatory approaches remain practical and responsive.

This year, the CSA expanded engagement with stakeholders to deepen our understanding of how emerging technologies are affecting business models and products. The CSA Collaboratory, through its virtual and in-person forums, enabled innovators, businesses and other market participants to share potential opportunities and their potential need for greater regulatory clarity. This engagement is helping inform a more coordinated and practical regulatory approach to emerging technologies.

A key focus area was the launch of Project Tokenization. Tokenization generally refers to the creation, issuance or representation of rights to real or digital assets through digital tokens recorded using distributed ledger technology. The project examines how tokenized assets may fit within Canada's securities laws and what they could mean for market participants, investors and the broader regulatory framework. As interest in tokenized assets grows in Canada and internationally, this work is helping the CSA identify where coordinated regulatory attention is needed.

The first phase of Project Tokenization focused on listening. Through roundtables, workshops and targeted discussions, the CSA engaged participants from across the tokenization value chain, including issuers, fintech companies, custodians, marketplaces, clearing agencies, legal and accounting professionals and academic experts. These conversations with more than 240 organizations continue to surface key opportunities, risks and regulatory questions. The identified use cases could be tested, ultimately supporting a more coordinated approach across jurisdictions.

As artificial intelligence (AI) becomes more embedded in capital markets, we advanced efforts to better understand its impact. This included assessing where existing rules provide adequate clarity, where additional guidance may be appropriate and where regulatory approaches may need to evolve. This work also supports the responsible use of new technologies, with appropriate safeguards relating to data protection, transparency, cybersecurity and market integrity.

The CSA is also assessing how our own technology and data capabilities can better support our mission. As markets become more data-driven, stronger systems and data practices are essential to improving the understanding of market developments, identifying emerging issues earlier and responding more effectively. This year, the CSA advanced work to improve national systems and platforms, strengthen operations and expand advanced data capabilities – all of which can support better insights, greater agility and more effective regulatory outcomes.

Together, these efforts are contributing to a regulatory system that remains responsive to the realities of market participants, investors and regulators, and supports the CSA's ability to identify emerging risks and opportunities earlier and respond more effectively.

Looking ahead

As capital markets become more digital, data-driven and interconnected, the CSA will assess what emerging technologies mean for market participants, investors and market infrastructure. This includes quantum computing, which we have identified as an emerging technology to examine for its potential risks and new opportunities.

We will continue to engage with stakeholders to better understand these developments and ensure that our regulatory approach remains informed, practical and responsive to changing market conditions.

Updates on initiatives under Strategic Goal 3

Facilitate positive innovation in the Canadian capital markets

The CSA continues to adjust its regulatory approaches to reflect business realities of market participants and to encourage innovation and competitiveness. The CSA Collaboratory is a cohort-based regulatory testing environment where participants can explore and test new digital business models, financial concepts and technologies within a controlled framework that offers regulatory flexibility within a supervised environment. Tests conducted within the Collaboratory may include granting temporary exemptions from specific securities regulatory provisions, subject to specified parameters; providing opportunities to collaborate with other test participants; and receiving direct feedback from regulators. The CSA Collaboratory has launched two themes so far. The first is a consultation on data portability and e-Know Your Client technologies to gain better understanding of the potential impacts of data portability and the process of collecting clients' information using digital means (launched in spring 2025). Following its launch and initial forum discussion in Vancouver, the project advanced through industry engagement, including a further roundtable in Calgary and bilateral discussions in Montréal. The CSA plans to issue a report on its findings and work related to data portability in the upcoming months. The second is Project Tokenization, which aims to examine how tokenized financial products intersect with Canadian securities law (launched in fall 2025).

Enhance enforcement through improving technological and analytical capacity

The CSA has been leveraging technological systems as well as new developments and tools in AI to identify, analyze and deactivate scam websites from various sources quickly and efficiently. Furthermore, the CSA continues to build common knowledge and a repository of forensic, electronic discovery and analytical tools and data delivery standards. The CSA organized multiple roundtable discussions and training sessions for its enforcement staff on topics including methods for capturing evidence from the internet, open-source intelligence, and the use of web browser tools in investigative work.

Strategic Goal 4:

Focus on systemic risk

Monitoring systemic risk remains a core responsibility for the CSA, as risks within capital markets and the broader economy continue to evolve. This work focuses on identifying, assessing and responding to risks that could affect financial stability.

This work has taken on increased importance over the past year. Markets continued to face heightened global uncertainty, renewed trade tensions and rapid technological change. Against this backdrop, we released the results of our fourth annual Systemic Risk Survey and published the *2025 Systemic Risk Committee Annual Report on Capital Markets*. Together, these initiatives provide insight into emerging risks and how they could affect Canada's capital markets.

The survey provided direct feedback from market participants. In 2025, investment dealers and portfolio managers identified trade and geopolitical risks, cyber vulnerabilities and household debt as leading concerns. This feedback informs our broader work to monitor financial vulnerabilities, strengthen Canada's capital markets and support market stability.

The report underscored that the Canadian financial system remained resilient in 2025 despite heightened economic and financial uncertainty. It highlighted trends and risks that require ongoing attention, including potential impacts of the rise of AI, trade tensions and liquidity issues at investment funds. The report also noted the growing role of stablecoins in the crypto ecosystem, and risks linked to stablecoins' increasing market concentration among a small number of issuers. As these areas continue to evolve, ongoing monitoring and coordination remain important.

We also shared insights with other Canadian financial sector regulators through federal-provincial coordination mechanisms, including the Heads of Regulatory Agencies and its Systemic Risk Surveillance Committee. These discussions reinforce the importance of strong data and information-sharing among regulators. A fuller picture of market activity helps identify vulnerabilities earlier and supports more coordinated responses across the financial system.

In parallel, the CSA advanced targeted regulatory work to foster market resilience. This included updated guidance on derivatives trade reporting, proposed enhancements to liquidity risk management requirements for investment funds, and continued work on the exchange-traded funds (ETFs) regulatory framework. We also issued guidance clarifying how business conduct requirements apply to dealers and registered representatives with respect to foreign ETFs, supporting clearer disclosure and more consistent investor-facing practices.

Together, these efforts strengthen Canada's capital markets regulatory framework and support a resilient financial system that protects investors, reinforces confidence and helps reduce the risk of disruptions to the Canadian economy.

Looking ahead

As market conditions continue to evolve, we will maintain a strong focus on monitoring systemic risks across Canada's capital markets. This includes tracking financial vulnerabilities, market structure developments and potential impacts of emerging trends, including those associated with technological innovation. We will continue to improve data analysis and strengthen coordination with domestic and international regulatory partners to support earlier identification of vulnerabilities and more effective responses where appropriate.

Updates on initiatives under Strategic Goal 4

Review the liquidity risk management framework for investment funds

On November 27, 2025, the CSA published proposed amendments to National Instrument 81-102 *Investment Funds* and proposed changes to its companion policy relating to liquidity risk management (LRM) for all investment funds. The proposed changes focus on three key areas – a fund's LRM framework, operational LRM matters and oversight of the LRM framework. The proposals build upon the guidance on LRM published by the CSA in 2020 in CSA Staff Notice 81-333 *Guidance on Effective Liquidity Risk Management for Investment Funds* by codifying the guidance and imposing more specific requirements relating to policies and procedures, oversight, operations and stress testing. The proposed changes are aimed at helping investment funds better manage liquidity under various market conditions to safeguard investors. The CSA simultaneously published a consultation paper seeking feedback on potential further changes to the regulatory framework for LRM. The paper explores LRM tools, liquidity classification of underlying portfolio assets, and regulatory disclosure and data relating to LRM.

The proposed amendments and consultation paper are part of the CSA's ongoing efforts to strengthen investment fund practices in Canada and are also aimed at aligning Canada's LRM framework with significant international LRM regulatory developments.

Review and update the regulatory framework for ETFs

Following the assessment of feedback received in response to the CSA's consultation issued in June 2025, Consultation Paper 81-409 *Enhancing Exchange-Traded Fund Regulation: Proposed Approaches and Discussion,* the CSA and CIRO published a joint Staff Notice 81-339 *Industry Practices Relating to Foreign-Listed Exchange-Traded Funds* on July 29, 2026. The Staff Notice:

- Reminds managers of foreign ETFs that active marketing or promotion of a foreign ETF in Canada could trigger the prospectus requirement, and in certain jurisdictions, the investment fund manager registration requirement;
- Clarifies how certain business conduct requirements applicable to registered dealers and their registered representatives apply with respect to foreign ETFs; and
- Encourages order execution-only dealers to consider providing alerts or notifications at critical interaction points prior to the purchase of a foreign ETF to assist investors in understanding key differences between investing in foreign ETFs and Canadian-listed ETFs.

Other CSA initiatives and monitoring efforts

In addition to strategic goals outlined in the CSA 2025–2028 Business Plan, the CSA continued to monitor market trends and international developments and has completed several goals set out in previous business plans, as outlined below.

Deliver amendments on advisor chargebacks

On June 26, 2025, the CSA published for comment proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, which would prohibit the use of chargebacks in the distribution of investment funds offered by prospectus. Chargebacks involve a compensation practice where a dealing representative is paid an upfront commission, fee or compensation when a client purchases securities. When the client redeems all or part of their securities before a fixed schedule, the dealing representative is required to pay back all or part of the upfront commission or compensation received. The proposed amendments aim to address the inherent conflict of interest between the dealing representative and the client, as the dealing representative benefits financially from being able to keep the entire amount of the upfront commission if their client does not redeem the securities until after the chargeback period. The CSA has reviewed the comments received on the proposed amendments and is evaluating next steps.

Update sales practices framework for principal distributors

On June 11, 2026, the CSA provided advance notice of amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, National Instrument 81-102 *Investment Funds* and National Instrument 81-105 *Mutual Fund Sales Practices* and National Instrument 31-103 Registration Requirements, *Exemptions and Ongoing Registrant Obligations* together with changes to the relevant companion policies pertaining to the principal distributor model. These amendments come into force on October 1, 2026 except the amendments to NI 31-103 which come into force January 1, 2027. The amendments improve investor protection by clarifying that a dealer may act as a principal distributor only for mutual funds in the same mutual fund family, requiring disclosure of principal distributor arrangements and compensation, and ensuring that the deferred sales charge option is not available to investors purchasing mutual fund securities distributed by principal distributors.

Implemented amendments for well-known seasoned reporting issuers

On November 28, 2025, the final amendments to National Instrument 44-102 *Shelf Distributions*, along with related instruments and policies, became effective across the CSA. The amendments formally establish a permanent expedited shelf prospectus regime for well-known seasoned issuers. These amendments facilitate capital-raising and reduce regulatory burden while maintaining investor protection.

Implemented access model for certain continuous disclosure documents of non-investment fund reporting issuers

On June 25, 2026, the CSA provided advance notice of amendments to National Instrument 51-102 *Continuous Disclosure*, National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* together with changes to the relevant companion policies, implementing an access model for certain continuous disclosure documents of public companies. The access model modernizes how annual financial statements, interim financial reports and the related management's discussion and analysis are made available to investors. Under this model, eligible companies may provide electronic access to these documents instead of following the delivery requirements currently set out in securities legislation. Use of the access model is optional. It offers issuers an alternative approach, recognizing that investors are increasingly accessing and consuming information electronically. Under the access model, investors will still be able to request, or provide standing instructions to receive, these documents in electronic or paper form.

Adopt amendments to mandatory central counterparty clearing of derivatives rule

On September 25, 2025, the CSA adopted amendments to National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives*, which came into force on March 25, 2026. These amendments update the list of mandatory clearable derivatives to reflect the transition to a new interest rate benchmark regime based on overnight risk-free rates. They also expand the scope of mandatory clearing by adding certain classes of over-the-counter derivatives to the list of mandatory clearable derivatives.

Appendix: Enforcement statistics

This Appendix presents CSA members' enforcement activity across several categories for fiscal year 2025/2026 (April 1, 2025, to March 31, 2026). For previous reporting periods and descriptions of the enforcement activity, visit the CSA website.

Preventative and disruptive measures

CSA members protect investors by issuing or obtaining interim orders or freezing assets while they conduct investigations. Certain jurisdictions have the legislative authority to halt trading on public exchanges when they suspect or identify irregular trading of securities or derivatives, in turn stopping potential market manipulation. Asset-freeze orders help prevent the loss of assets – for example, bank deposits and personal property, including vehicles and buildings – pending the completion of investigations.

	Number of orders	Number of respondents	Amount frozen at the date of the order
Interim orders	13	27	
Asset-freeze orders	9	20	$31,080,059.02

Investor warnings and alerts

CSA members issue investor warnings and alerts and update their caution lists through their respective websites, email, social media channels and the CSA website. These alerts inform the public about individuals and companies that are acting in harmful ways. Often, the alerts relate to foreign businesses that are not registered to trade securities in Canada but are targeting Canadian investors.

	Total number
Investor alerts issued	763

Proceedings commenced

Cases in which a CSA member filed a notice of hearing or statement of allegations, swore an information before the courts or served a statement of offence.

Type of offence	Number of respondents
Illegal distribution	32
Illegal insider trading	5
Market manipulation	15
Disclosure violations	12
Fraud	32

No-contest settlements	0
Misconduct by registrants	10
Public interest violations and other misconduct	23
Total	**129**

Referrals and assistance

Enforcement referrals are files referred by a CSA member to another CSA member. Formal assistance in enforcement cases includes the number of times a CSA member formally assisted another CSA member, a self-regulatory organization (SRO)[1] or a foreign regulator in an enforcement file (e.g., interviewing witnesses, obtaining documents).

	Total cases
Enforcement referrals (CSA only)	75
Assistance in enforcement cases (CSA only)	34
Enforcement referrals (SRO only)	21
Assistance in enforcement cases (SRO only)	12
Enforcement referrals (foreign regulators only)	61
Assistance in enforcement cases (foreign regulators only)	89

Concluded matters

Cases in which a final decision has been issued, or a settlement has been reached.

Type of offence	Number of respondents
Illegal distribution	27
Illegal insider trading	6
Market manipulation	8
Disclosure violations	8
Fraud	29
No-contest settlements	0
Misconduct by registrants	15
Public interest violations and other misconduct	15
Total	**108**

1. The category SRO includes only the Canadian Investment Regulatory Organization and Chambre de sécurité financière.

Fines, administrative penalties and other

CSA members impose or obtain sanctions for securities laws violations, for conduct contrary to public interest, or through settlements or no-contest settlements. Financial sanctions include penalties and voluntary payments.

Type of offence	Total money ordered
Illegal distribution	$2,486,000
Illegal insider trading	$1,889,894
Market manipulation	$3,810,000
Disclosure violations	$237,500
Fraud	$11,172,828
Public interest violations and other misconduct	$719,720
Misconduct by registrants	$361,001
Total	**$20,676,943**

Restitution, compensation and disgorgement

In specific circumstances, some regulators or courts possess restitution, compensation and disgorgement powers. In specific circumstances, some regulators have the ability to make financial orders that can result in money being returned to investors.

Type of offence	Total money ordered
Illegal distribution	$3,362,114
Illegal insider trading	$390,000
Market manipulation	$119,035
Disclosure violations	$0
Fraud	$55,469,421
Public interest violations and other misconduct	$54,589
Misconduct by registrants	$0
Total	$59,395,159

Jail terms

Jail terms	Number of individuals	Total jail term* (years)	Total community service (hours)
Securities Act	2	2	150
Criminal Code	4	12	0
Total	6	14	150

** Includes house arrest, conditional and probation sentences*

In certain cases, securities regulators investigate breaches of the Criminal Code, either independently or in collaboration with law enforcement agencies. These can involve search warrants, surveillance and undercover operations. Subsequently, provincial and federal Crown counsel conduct related prosecutions.

	Number of cases	Number of individuals
Criminal cases commenced	7	12
Criminal cases completed	3	4

Market bans

As a tool to prevent further misconduct and harm, a tribunal or panel can impose market bans on an individual or company when they have violated securities laws. Individuals or companies can be banned from trading or purchasing, registration, using exemptions, acting as a director or officer, advising in securities, investor relations, or acting in a management or consultative capacity in connection with activities in the market.

	Number of individuals	Number of companies	Total number
Banned from the capital markets	56	22	78
Banned permanently	34	13	47

Recidivism

A recidivist is someone sanctioned for breaching securities laws after being previously sanctioned for a securities violation by a securities regulator or the court. Repeat offenders, or recidivists, are a reality in every legal system. CSA members collaborate to identify recidivists across Canada and impose fair, credible and progressive sanctions that are proportionate to each case and aim to be more severe than those incurred by first-time violators.

	Total number
Number of individuals	6
Number prosecuted in court	0

Of the six individuals that were sanctioned by a tribunal, five were permanently banned and one was ordered to pay more than CAD $100,000 in fines.

Whistleblower programs

Several CSA members have whistleblower programs that enable individuals and employees to report possible securities laws violations. These programs offer key protections, including confidentiality, the option to report anonymously and anti-reprisal measures. These innovative programs continue to provide valuable information about complex securities misconduct that may not otherwise have come to light.

	Total number
Whistleblower tips received	714

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