KPMG

CURRENT DEVELOPMENTS

Canadian Securities Matters

Q3 2026

kpmg.ca

Table of contents

This edition provides a summary of newly effective and forthcoming regulatory matters in Canada in the quarter ended September 30, 2026.

03 Canadian Securities: New guidance

03 Commission Approval
- OSC Rule 41-503 Exemptions from Certain Prospectus and Disclosure Requirements
- OSC Rule 45-511 Prospectus Exemption for New Reporting Issuers
- OSC Rule 45-512 Exemption from the Investment Limit under the Offering Memorandum Prospectus Exemption to Exclude Reinvestment Amounts
- OSC Rule 45-513 Exemptions from Certain Conditions of the Listed Issuer Financing Exemption

03 CSA Notice 33-322 Review of Registered Firms' Cybersecurity Practices and Additional Guidance

04 Joint CSA / CIRO Notice 91-307 Guidance Related to Event Contracts, Compliance with Regulatory Requirements

04 OSC Notice 81OSC Notice 81-741 Investment Management Division Annual Summary Report-741

05 OSC Notice of Changes to National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions

06 Canadian Securities: Proposed guidance

06 CSA Consultation Paper 51-406 Modernizing the Regulation of Public Companies

Canadian Securities: New guidance

Commission Approval of OSC Rule 41-503, 45-511, OSC 45-512 and 45-513

On July 9, 2026, the OSC published notice of Commission approval of four rules made under the Securities Act (Ontario) on May 5, 2026. The rules extend, on an indefinite basis in Ontario, capital-raising exemptions previously provided through coordinated blanket orders in April and May 2025.

- OSC Rule 41-503 *Exemptions from Certain Prospectus and Disclosure Requirements* provides relief from certain prospectus and disclosure requirements, including requirements concerning historical financial statements, marketing during the waiting period and promoter certificates
- OSC Rule 45-511 *Prospectus Exemption for New Reporting Issuers* continues the prospectus exemption for qualifying offerings by new reporting issuers and designates the required offering document as a core document under the Securities Act (Ontario).
- OSC Rule 45-512 *Exemption from the Investment Limit under the Offering Memorandum Prospectus Exemption to Exclude Reinvestment Amounts* permits qualifying reinvestment amounts to be excluded from the investment limit under the offering memorandum exemption, subject to the applicable conditions, including suitability advice from a registered dealer or adviser
- OSC Rule 45-513 *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption* continues relief expanding the amounts eligible issuers may raise under the listed issuer financing exemption.

The rules retain the applicable eligibility criteria and conditions of the existing relief. The Minister of Finance approved the rules on September 15, 2026, and their effective date is October 16, 2026.

CSA Notice 33-322 Review of Registered Firms' Cybersecurity Practices and Additional Guidance

On July 15, 2026, the CSA published Notice 33-322 *Review of Registered Firms' Cybersecurity Practices and Additional Guidance*. The notice summarizes findings from focused compliance examinations of 73 registered firms and provides additional guidance on regulatory expectations for managing cybersecurity risks.

The CSA identified opportunities for improvement across five key areas: cybersecurity policies and procedures, employee training, cybersecurity risk assessments and controls, oversight of third-party service providers, and cybersecurity incident response plans, key findings included:

Cybersecurity policies

55% of firms had written policies and procedures that could be enhanced, and 8% had no written cybersecurity policies and procedures. The CSA expects policies to be reviewed and updated at least annually and to reflect the firm's actual practices.

Training and risk assessments

21% of firms provided no cybersecurity training, while 45% conducted cybersecurity risk assessments that could have been more robust. The CSA generally expects both training and documented risk assessments to occur at least annually, with greater frequency where warranted by a firm's risks and operations.

Third-party service providers

41% of firms could strengthen their cybersecurity oversight of service providers and 62% had no or limited documentation supporting that oversight. The CSA expects firms to perform and document meaningful cybersecurity due diligence before onboarding providers and periodically thereafter, including consideration of SOC 2 or similar reports where available.

Incident response

15% of firms did not have a written cybersecurity incident response plan, and 63% of firms with a plan should have tested it more regularly. Firms should also regularly test data backups and maintain evidence that data can be restored on a timely basis.

The examinations identified areas where firms could strengthen their practices. The notice addresses cybersecurity policies and procedures, employee training, risk assessments and controls, oversight of third-party service providers and incident response planning. The guidance is intended to be scalable to firms' size and operations. Registered firms are encouraged to assess their practices against the notice and address identified gaps.

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Joint CSA and CIRO Notice 91-307 Guidance Related to Events Contracts: Compliance with Regulatory Requirements

On August 27, 2026, the CSA and Canadian Investment Regulatory Organization (CIRO) published Joint Staff Notice 91-307 Guidance Related to Event Contracts: Compliance with Regulatory Requirements. The notice addresses products commonly described as event contracts, prediction contracts or prediction market contracts, whose settlement depends on the outcome of a future occurrence or event.

The notice focuses on contracts based on sports or entertainment events or outcomes. Although event contracts may fall within broad definitions of securities or derivatives, CSA staff's view is that contracts based on sports and entertainment events or outcomes should not be regulated within securities and derivatives legislation. CIRO staff do not consider it appropriate to facilitate or approve applications by dealer members to trade these types of contracts.

The characterization of other types of event contracts remains under assessment, and further guidance will follow. The applicable regulatory framework depends on the product's characteristics and the relevant facts and circumstances.

OSC Notice 81-741 Investment Management Division Annual Summary Report

On September 15, 2026, the OSC's Investment Management Division (IM Division) released its annual summary report, which provides an overview of activities for the fiscal year ended March 31, 2026 (Fiscal 2026). The report continues to be organized into four parts:

- **Part A - Operational highlights** - Summarizes key activities, including prospectus reviews, applications for exemptive relief, continuous disclosure reviews and notices relating to proposed ownership changes in, or asset acquisitions of, registered firms.
- **Part B - Regulatory policy initiatives** - Identifies completed and ongoing policy initiatives affecting investment funds and portfolio advisers and provides updates on their status.
- **Part C - Emerging issues and initiatives** - Summarizes recent and upcoming developments affecting investment funds and their managers.
- **Part D - Stakeholder outreach and resources** - Provides information on outreach initiatives, staff notices and other resources available to investment fund issuers and stakeholders.

During Fiscal 2026, Canada's public investment fund industry continued to grow, with total assets under management increasing to $3.4 trillion from $2.9 trillion. ETFs remained the strongest source of growth, with ETF assets increasing 41% to $771.1 billion and their share of industry AUM increasing from 19% to 23%. ETFs generated more than $125 billion of net sales, while conventional mutual fund net sales more than doubled to $40.4 billion.

The IM Division completed 309 prospectus reviews, down 10% from Fiscal 2025, in part reflecting the transition to the new two-year prospectus renewal cycle. Despite fewer reviews, new fund launches increased significantly, with 388 new funds receipted compared with 297 in the prior year. ETFs represented 54% of newly launched funds compared with 38% for conventional mutual funds, while alternative investment fund launches increased from 76 to 128 funds, or 33% of new funds receipted. Noteworthy products included collateralized loan obligation ETFs, Solana and XRP crypto asset ETFs, Canada's first 3x daily leveraged ETFs and an expansion of single-issuer ETFs.

Continuous disclosure oversight remained an important area of focus, with the IM Division completing 235 reviews, an 18% increase from the prior year. Targeted reviews included mid-sized fund managers with AUM below $1 billion, outlier analysis using Investment Fund Survey data, change-of-auditor notifications, fund risk ratings, sales communications and compliance reports. Staff identified, among other matters, MRFP disclosure that was inconsistent with regulatory requirements, a risk-rating error that resulted in corrected disclosure and placement on the OSC's Refilings and Errors List, and continued non-compliance in certain website and social-media sales communications.

The IM Division also highlighted issues identified through its review of compliance reports, including overdraft positions caused by timing differences, late settlement of certain subscription and redemption transactions, and instances of commingling of cash and lapping. Staff indicated that significant, recurring or serious deficiencies may result in further regulatory action or referral to the OSC's Registration, Inspection and Examination division for a focused compliance review.

On the policy front, the CSA completed amendments relating to the modernization of investment fund continuous disclosure requirements, including streamlined conflict-of-interest reporting and financial statement requirements. The amendments introduced standardized Form 81-107A for certain related-party transaction reporting and a new annual Manager's Report on Related Party Transactions. The CSA also completed phase two of its regulatory framework for public crypto asset funds and finalized amendments to the principal distributor model.

Ongoing regulatory initiatives include the proposed replacement of the MRFP with a streamlined Fund Report, an access-based delivery model for investment fund reporting issuers, further work on crypto asset funds, ETF regulation and new liquidity risk

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

management requirements. The proposed liquidity framework would formalize liquidity risk management frameworks, enhance practices such as stress testing and strengthen governance and oversight.

The report also highlights emerging matters for investment funds, including the OSC's continued work on retail access to long-term and private assets, the implications of IFRS 18 for the separate presentation of realized and unrealized gains and losses, and evolving mutual fund and ETF distribution channels. In particular, the OSC encourages IFMs and their auditors to consider the interaction between IFRS 18 and NI 81-106 in advance of IFRS 18 becoming effective for annual periods beginning on or after January 1, 2027.

CSA Notice of Change to National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions

On September 24, 2026, the CSA published changes to National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*. The changes remove processes relating to dual failure-to-file cease trade orders (Dual FFCTOs) that are no longer applicable following amendments to the Securities Act (Ontario).

The changes update NP 11-207 to reflect amendments to the Securities Act (Ontario) that became effective in December 2023. Under those amendments, a failure-to-file cease trade order (FFCTO) issued by another Canadian securities regulator is automatically effective in Ontario, without the Ontario Securities Commission having to opt into the principal regulator's decision. As a result, NP 11-207 has been updated to remove processes relating to the issuance of dual FFCTOs that are no longer applicable.

National Policy 11-207 continues to describe the revocation process for orders more than 90 days old and Dual FFCTOs. Issuers seeking revocation of Dual FFCTOs issued before December 4, 2023, or during the subsequent transition period should continue to follow the applicable Dual FFCTO revocation process.

The changes come into effect on December 7, 2026.

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Canadian Securities: Proposed guidance

CSA Consultation Paper 51-406 Modernizing the Regulation of Public Companies

On July 16, 2026, the CSA published CSA Consultation Paper 51-406 Modernizing the Regulation of Public Companies. The consultation seeks input on potential changes to the regulatory framework for non-investment fund reporting issuers to facilitate access to capital and support the competitiveness of Canadian capital markets while maintaining investor protection.

- Proportionate regulation: whether the current distinction between venture and non-venture issuers based on exchange listing remains appropriate or should be revised.
- Alternative financial reporting: whether a subset of venture issuers should be permitted to use an alternative approach to financial statement reporting, such as a modified application of certain aspects of IFRS Accounting Standards.
- Private placement hold periods: whether hold periods for securities distributed by reporting issuers under prospectus exemptions should be removed or modified.
- Material change reporting: opportunities to simplify or clarify the reporting framework.
- Developments in the United States: how changes to U.S. reporting, capital-raising and disclosure requirements should inform the Canadian approach.

The 120-day comment period ends on November 13, 2026.

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Contact us

Julia Suk
Partner
416-777-8131
mailto:juliasuk@kpmg.ca

Dominique Carr
Senior Manager
437-776-3957
mailto:dominiquecarr@kpmg.ca

kpmg.ca



© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.