

New Momentum for Canadian Capital Markets Reform

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This week, two developments signaled a renewed push to modernize Canada's capital markets regulatory framework and strengthen Canada's competitiveness as a target for investment and capital formation.

On July 15, 2026, Canada [announced](#) progress on federal, provincial and territorial finance ministers' efforts to reduce internal trade barriers, including Ontario's commitment to work toward joining Canada's securities regulatory [passport system](#).

On July 16, 2026, the Canadian Securities Administrators (CSA) published [Consultation Paper 51-406 – Modernizing the Regulation of Public Companies](#) (the **Consultation Paper**), a broad review of Canada's reporting issuer (RI) regulatory framework that seeks stakeholder input on a range of reforms intended to reduce regulatory burden, improve capital raising opportunities and ensure Canadian markets remain competitive while maintaining appropriate investor protections.

These developments indicate a growing focus among policymakers on ensuring Canada remains an attractive jurisdiction in which to raise capital, invest and grow businesses.

Ontario Signals Support for the Passport System

The passport system allows reporting issuers in participating jurisdictions to generally deal with a single principal regulator for most securities regulatory approvals and filings, rather than navigating separate regulatory processes in multiple jurisdictions.

For more than 15 years, all Canadian provinces and territories other than Ontario have participated in the passport system. Ontario instead operates through a separate interface system, which can require parallel regulatory processes involving both Ontario and a passport regulator.

While the timing and details of Ontario's implementation remain to be determined, its participation represents a welcome structural change to Canada's securities regulatory landscape.

CSA Launches Consultation on RI Regulation

While no specific rule changes are currently proposed, the Consultation Paper signals that the CSA is actively considering a number of significant reforms intended to improve capital raising opportunities, reduce regulatory burden, enhance the competitiveness of Canadian public markets and maintain appropriate investor protections. **Comments are due by November 13, 2026.**

Key topics for consideration include:

1. *Reconsidering Venture/Non-Venture Issuer Distinction:*

The CSA is considering whether it makes sense to continue distinguishing between venture and non-venture issuers based primarily on their exchange listing. The CSA notes that the Canadian capital markets landscape has evolved significantly over time. It specifically points to the growth of venture exchanges, the presence of larger and more mature issuers remaining listed on venture exchanges despite their size and complexity, and situations where issuers lose venture issuer status as a result of foreign listings that do not fit neatly within the current framework. Potential alternatives to the current framework include:

- maintaining the current framework with targeted adjustments;
- using issuer-specific metrics such as market capitalization, revenue, assets or public float; or
- requiring larger issuers to graduate from venture exchanges once certain thresholds are exceeded.

2. *Considering Simplified Financial Reporting for Smaller Venture Issuers*

The CSA is exploring whether certain venture issuers should be permitted to use an alternative financial reporting approach. Recognizing concerns that compliance with certain IFRS requirements may impose disproportionate costs on smaller issuers, the CSA is seeking feedback on whether a subset of venture issuers should be permitted to use an alternative financial reporting approach, potentially based on a modified application of certain IFRS Accounting Standards.

3. *Modernizing Private Placement Hold Periods*

The CSA is seeking feedback on whether the traditional four-month hold period applicable to securities issued under prospectus exemptions continues to be necessary in all circumstances where it currently applies. In doing so, it notes technological advances, harmonized continuous disclosure requirements and concerns raised by market participants regarding inefficiencies in the current regime. The CSA is also consulting on a potential new exemption that would permit certain distributions to qualified institutional purchasers without a hold period, subject to specified conditions.

4. *Reforming Material Change Reporting*

The CSA is examining whether current material change reporting requirements continue to serve their intended purpose, particularly where a reporting issuer has already disclosed the relevant information through a news release. It is also seeking feedback on

whether additional guidance or greater certainty regarding material change triggers would be helpful. It notes potential reforms could reduce duplicative disclosure obligations while maintaining timely and meaningful disclosure for investors.

5. Responding to U.S. Regulatory Developments

The CSA is also monitoring recent initiatives of the U.S. Securities and Exchange Commission, including proposals relating to semi-annual reporting, shelf registration reforms, scaled disclosure accommodations and broader reviews of public company disclosure requirements. The CSA is seeking feedback on whether similar measures should be considered in Canada in order to support capital formation and maintain the competitiveness of Canadian capital markets.

In particular, the CSA is seeking feedback on whether voluntary semi-annual reporting should be made available more broadly to reporting issuers. The consultation builds on the CSA's recent semi-annual reporting pilot for certain venture issuers and reflects broader discussions in the United States and other international markets regarding the appropriate frequency of public company reporting.

6. Introducing Other Changes/Initiatives

The CSA is asking for any other input from stakeholders regarding how it can further enhance RIs' ability to raise capital and improve the efficiency of Canadian capital markets while appropriately balancing investor protection.

Participate in the Consultation Process

Many of the topics under consideration have been debated by market participants for years. If pursued, some of the potential reforms under consideration could affect financing transactions, disclosure obligations for RIs, venture issuer regulation, institutional capital raising strategies, market competitiveness, and the cost of being an RI in Canada.

The coming months may shape the next generation of Canadian securities regulation, and stakeholder input will play an important role in that process. The Consultation Paper contains numerous detailed questions intended to gather stakeholder input before the CSA determines whether specific rule amendments or other regulatory changes should be pursued. Organizations that may be affected by these potential reforms should consider participating in the consultation process, either by submitting comments directly to the CSA or by sharing their views with BD&P for potential inclusion in our comment letter.

If there are issues you believe the CSA should address, or if you would like to discuss the Consultation Paper or contribute perspectives that may assist in the development of BD&P's comment letter, please reach out to any member of our [Business Law](#) group.