Global Financial Services Regulatory Guide - Canada

6. What is the process for becoming authorized in your jurisdiction?

| Contents |
| --- |
| To generate table of contents, right-click here and select **Update Field.** |

# What is the process for becoming authorized in your jurisdiction?

**Banking and insurance**

Financial institutions need to apply for regulatory approval under federal acts that OSFI, including incorporation of new financial institutions and opening of foreign bank branches. OSFI publishes transaction instructions for each of the different sectors to inform applicants what information is needed to assess the application and what OSFI looks for in applications.

The incorporation of a bank or, a federally regulated trust and loan company, or a federally regulated insurance company involves a three-phase process:

Phase 1 (Pre-Application) – This involves initial discussions with OSFI, submission of preliminary information (ownership and financial strength, business plan, credit products and underwriting criteria, trading and investment strategy, information technology environment, etc.), business plan discussion with OSFI, and receipt of a letter from OSFI outlining its expectations regarding material risks or concerns and additional information requirements.

Phase 2 (Letters Patent) – This involves submission of a notice of intention to apply for Letters Patent (to inform the public) in a form approved by OSFI setting out the name, geographical location/jurisdiction of the applicant, proposed name of institution, and a brief description of proposed activities; submission of formal application including information about ownership and financial strength, including capitalization, business plan, management, risk management, board of directors and committees, internal audit, regulatory compliance management, information technology, and other requirements such as proposed name, by-laws, non-refundable service charge, etc. The institution comes into existence on the date provided in the Letters Patent when issued.

Phase 3 (Order) – The institution may only commence business once an Order providing for the same is issued by the Superintendent. Once Letters Patent have been issued, and before an Order is made by the Superintendent, OSFI must be satisfied that the institution has the necessary systems, management structure, control processes and regulatory compliance systems in place. The Order may impose conditions or limitations on the business to address supervisory or regulatory concerns.

A similar approval process exists for a foreign bank intending to operate in Canada as a branch (full service or lending), consisting of a pre-notice period, a post-notice period and an order permitting a foreign bank to establish a branch in Canada. In the case of a full-service branch, the foreign bank will generally not be permitted to accept “retail” deposits, defined for this purpose as amounts less than CAD 150,000, and it is generally required to maintain assets on deposit with a Canadian financial institution approved by the Superintendent of Financial Institutions equal to at least 5% of the authorized foreign bank in respect of its business in Canada or CAD 5 million, whichever is greater. The process, including the broad considerations taken into account by OSFI when making a recommendation to the Minister of Finance to establish the branch (e.g., any national security concerns, the best interests of the financial system in Canada) is fully described in OSFI's Guide to Foreign Bank Branching.

OSFI publishes its Service Standards and Fees, which sets out the time from the date a complete application is received to provide a decision or make a recommendation to the Minister of Finance.

OSFI recently started a "digital innovation sandbox” to test "potential viable concepts" relating to digital innovation matters, including AI, fintech and crypto-assets. Certain provincial regulators of financial services also offer test and learn environments to allow registrants to use novel business models.

**Securities and derivatives**

The process for registration as a dealer or adviser under securities laws is set out in National Instrument 33-109 Registration Information. Provincial securities regulators such as the Ontario Securities Commission (OSC) publish guidance and checklists to provide step-by-step information about how a market participant may apply to register a firm. The OSC has a service standard of 120 days in the case of firms and 30 days in the case of individuals to provide a decision on registration applications. Time is counted from the date the regulator receives "a complete and adequate application in acceptable form."

Firms that are seeking registration as an investment dealer must also make an application for membership to CIRO. The Guidance for Applicants and the New Membership Application – Documentation Checklist provide applicants information on the materials and supporting documents that they must prepare for their membership application. In order to be admitted, firms must be able to satisfy the requirements for financial and operations compliance, business conduct compliance, trading conduct compliance, and registration. Generally, the time for review and approval of a membership application is a minimum of six months. Applications for firms with complex or novel business models can take much longer than the six-month period.

The CSA Financial Innovation Hub is a collaborative effort by Canadian securities regulators to consider new technologies and innovative business models, including assessing the scope and nature of regulatory implications and evaluating what changes may be required to securities regulatory frameworks or possible exemptive relief. It has been in operation for several years and was instrumental in developing the CSA's approach to regulating crypto-assets. Firms can access the sandbox by contacting their local securities regulator.

©Copyright © 2025 Baker & McKenzie. All rights reserved. **Ownership**: This documentation and content (Content) is a proprietary resource owned exclusively by Baker McKenzie (meaning Baker & McKenzie International and its member firms). The Content is protected under international copyright conventions. Use of this Content does not of itself create a contractual relationship, nor any attorney/client relationship, between Baker McKenzie and any person. **Non-reliance and exclusion**: All Content is for informational purposes only and may not reflect the most current legal and regulatory developments. All summaries of the laws, regulations and practice are subject to change. The Content is not offered as legal or professional advice for any specific matter. It is not intended to be a substitute for reference to (and compliance with) the detailed provisions of applicable laws, rules, regulations or forms. Legal advice should always be sought before taking any action or refraining from taking any action based on any Content. Baker McKenzie and the editors and the contributing authors do not guarantee the accuracy of the Content and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted to be done or omitted to be done wholly or partly in reliance upon the whole or any part of the Content. The Content may contain links to external websites and external websites may link to the Content. Baker McKenzie is not responsible for the content or operation of any such external sites and disclaims all liability, howsoever occurring, in respect of the content or operation of any such external websites. **Attorney Advertising**: This Content may qualify as “Attorney Advertising” requiring notice in some jurisdictions. To the extent that this Content may qualify as Attorney Advertising, PRIOR RESULTS DO NOT GUARANTEE A SIMILAR OUTCOME. **Reproduction**: Reproduction or copying of the Content on this Site without express written authorization is strictly prohibited.