



March 23, 2026

**VIA E-MAIL**

Hon. Peter Bethlenfalvy  
Minister of Finance  
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**Re: Unlocking Capital and Competitiveness: Why Ontario Should Join the Passport System Now**

Dear Honourable Minister,

We are writing to urge the Province of Ontario to take a critical step to reduce interprovincial barriers and strengthen Canada's economic integration by joining the Canadian Securities Administrators' (**CSA**) Passport system (**Passport System**).<sup>1</sup> Participation would improve access to capital, enhance competition across the country, reduce barriers to trade, and support greater labour mobility between provinces.

In your recent remarks at the Empire Club of Canada, you stated that Ontario will be a leader on removing remaining barriers to interprovincial trade, and that the upcoming budget will focus on trade and competitiveness and enabling Ontario firms to access capital markets more easily across Canada.

Ontario's participation in the Passport System framework would represent a significant step toward greater national regulatory harmonization. It would improve the efficiency of Canada's capital markets, reduce duplication, and lower compliance costs for issuers and registrants, while maintaining strong investor protection. Participation would also facilitate streamlined access to interprovincial investment opportunities and support a more integrated national capital market.

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<sup>1</sup> Multilateral Instrument 11-102 *Passport System*.



At a time when economic competitiveness and capital mobility play an increasingly prominent role in shaping policy decisions, Ontario's participation in the Passport System would demonstrate leadership in modernizing securities regulation. It would also strengthen collaboration across jurisdictions for the benefit of businesses, investors, and the broader Canadian economy.

This reform would also align closely with the priorities of both the Ontario and federal governments to reduce internal provincial trade barriers and improve labour and capital mobility across Canada. The International Monetary Fund (**IMF**) has emphasized the importance of deeper economic integration within Canada, identifying it as "Canada's central medium-term challenge."

As noted in the IMF's recent assessment:

Deepening internal market integration is among the highest-return reforms. Fully eliminating non-geographic internal trade barriers could raise real GDP substantially over time, largely through efficiency gains. With federal frameworks largely in place, provincial implementation – especially mutual recognition of credentials, aligned standards and elimination of local-preference procurement – remains the binding constraint.<sup>2</sup>

The report goes on to note the potential economic impact of reducing internal provincial trade barriers across Canada:

Eliminating all non-geographic, non-policy trade barriers could raise Canada's real GDP by roughly 7 percent over the long run—about C\$210 billion in 2025. The gains stem from stronger labor productivity, driven by improved resource allocation. All provinces benefit, with proportionally larger gains in smaller jurisdictions.<sup>3</sup>

Ontario joining the Passport System would represent a concrete and meaningful step toward addressing this challenge.

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<sup>2</sup> International Monetary Fund, *IMF Country Report No. 26/12, Canada, 2025 Article IV Consultation – press release and staff report*, January 2026, p. 2

<sup>3</sup> *Ibid*, at p. 29



## The Passport System

The Passport System facilitates access to capital markets across multiple provincial jurisdictions by allowing securities registrants to deal primarily with their local provincial principal regulator and operate under harmonized legislative provisions across Canada. All Canadian securities regulators participate in the Passport System, except Ontario.

Under the Passport System, three key regulatory functions are streamlined across participating jurisdictions:

1. Registration of firms and individuals
2. Applications for discretionary exemptions
3. Prospectus reviews and approvals

For example, a company based in Alberta seeking to operate across Canada may submit its registration application to its principal regulator, the Alberta Securities Commission. Once approved, that registration is automatically recognized across all Canadian provinces and territories, except Ontario.

Ontario's non-participation creates an exception to this streamlined process. Firms must submit a separate application to the Ontario Securities Commission (**OSC**) to operate in Ontario. This additional review can take many months and requires OSC staff to duplicate work already completed by the firm's principal provincial regulator.<sup>4</sup>

In practice, other provinces frequently wait for Ontario's decision before completing their own approvals. As a result, delays in Ontario can slow registrations and regulatory decisions nationwide.

## Impact of Ontario's Non-Participation

Ontario remains the only province outside the Passport System. As a result, firms operating nationally face duplicative regulatory reviews, extended timelines, and additional costs solely due to Ontario's non-participation.

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<sup>4</sup> This duplicate process does not appear to provide any meaningful additional protection to Ontarians; for example, we understand that the OSC eventually registers over 99% of applicants seeking registration in Alberta.



These inefficiencies particularly affect firms headquartered outside Ontario, which cannot rely on their local provincial principal regulator's passported decision and must instead file parallel applications in both Ontario and their home province. This undermines the principle of a single principal regulator and creates an unnecessary barrier to interprovincial business activity, innovation, and capital formation. This is contrary to the reasons for which Ontario declined to join the Passport System when it was first introduced.<sup>5</sup>

It also presents a significant barrier for international companies and investors considering Canada. Multiple regulatory filings across provinces, differing processes and enforcement approaches, and higher legal and administrative costs can be meaningful disincentives to investment. Foreign issuers seeking to list or raise capital in Canada may need to engage with several regulators rather than a single authority, making Canada appear more complex than markets such as the U.S., the U.K., and Australia. Because international investors value clarity and uniformity, this fragmentation can reduce Canada's attractiveness. Ontario's participation in the Passport System would be a constructive step toward simplifying access and attracting more foreign investment.

### **Maintaining High Regulatory Standards**

PMAC recognizes the OSC's longstanding view that remaining outside the Passport System allows it to leverage its expertise and resources to elevate regulatory standards and mitigate the risk of regulatory arbitrage. The OSC has played an important leadership role within the CSA in identifying emerging risks, advancing policy initiatives, and contributing to the integrity of Canada's capital markets.

However, these objectives can be achieved within the Passport System framework through proportionate and less burdensome mechanisms. Enhanced provincial coordination, targeted escalation processes for complex or novel matters, and continued OSC leadership in policy development would allow Ontario to maintain high standards without imposing duplicative regulatory processes on registrants.

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<sup>5</sup> Ontario declined to join the Passport system in 2007, citing the need for a national regulator that would (i) eliminate fees, costs and duplication, (ii) promote consistency in regulatory decision making to ensure a level playing field for all market participants, and (iii) lead to better and effective enforcement across Canada resulting in greater investor protection. See [OSC Staff Notice 11-904 – Request for Comment regarding the Proposed Passport System](#).



Where differences in regulatory standards exist among jurisdictions, a collaborative approach to harmonization would strengthen the system overall. Aligning standards upward across CSA jurisdictions would benefit investors and market participants alike while preserving efficiency.

### **Alignment with Government Priorities**

Ontario and the federal government have both emphasized the importance of reducing interprovincial trade barriers and strengthening economic integration across Canada.

Ontario's 2025 Budget noted:

...[B]arriers to interprovincial trade have held back Ontario's economy from reaching its full potential. Reducing these barriers, especially at times of economic uncertainty, can lower business costs and increase labour mobility, which reduce inflationary pressures. Reducing barriers to trade will also boost competitiveness and productivity, while creating new jobs.<sup>6</sup>

The Government of Ontario has already taken meaningful steps to improve labour mobility and professional credential recognition across provinces. Recent announcements have highlighted the importance of mutual recognition and regulatory alignment to support economic growth and competitiveness.

As noted in a [news release dated December 31](#):

"By streamlining the process for certified professionals from other Canadian jurisdictions to work in Ontario, we're opening doors for talent and driving economic growth," said David Piccini, Minister of Labour, Immigration, Training and Skills Development. "These changes create new opportunities for workers and businesses, strengthen our province's competitiveness and use a Canada-first approach to take on global economic uncertainty."

...

Mutual recognition of goods and services will play a substantial role in supporting economic integration across Canada and removing internal trade barriers that cost the economy up to \$200 billion every year.. As Canada's largest interprovincial trader, Ontario's initiatives are creating pan-Canadian

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<sup>6</sup> [2025 Ontario Budget: A Plan to Protect Ontario](#), at page 44



momentum to tear down barriers and unlock access to new internal markets and customers in the face of global market instability and volatility. By reducing barriers and streamlining labour mobility, Ontario is enabling workers and businesses to seize opportunities across provinces and drive economic growth.

In a recent speech at the Empire Club of Canada, priorities for Ontario's 2026 budget were outlined with a focus on protecting the economy, strengthening competitiveness, and investing in sectors that will define the future. Key themes included maintaining a predictable and competitive regulatory environment supported by clear rules and reliable timelines to encourage investment. Improving trade and competitiveness was also emphasized through efforts to reduce interprovincial barriers, enabling Ontario firms to access capital markets more easily across Canada. The remarks highlighted a commitment to demonstrating leadership on interprovincial trade and a resolve to remove remaining barriers. Policies aimed at encouraging businesses to invest in Ontario were paired with a focus on talent and workforce development, noting that "people power prosperity," and that faster recognition of Canadian credentials will help unlock greater productivity.

Productivity was also highlighted as a critical driver of economic growth, with emphasis on ensuring the regulatory environment is efficient and supportive of business activity. Plans to eliminate remaining exemptions that slow credential recognition were framed as part of a broader effort by Ontario to be a national leader in advancing labour mobility, improving productivity, and setting the tone for a more integrated Canadian economy.

Similarly, the federal government has emphasized the role of capital markets in supporting economic growth and investment. The Federal Budget 2025 noted that:

"[c]apital markets and financial institutions have a key role to play to ensure that Canadian companies and projects can access capital and grow the economy. They create investment opportunities, drive innovation, support job growth, and strengthen retirement savings. Canadian companies need access to capital in Canada to grow and thrive, building prosperity for all Canadians."<sup>7</sup>

Ontario joining the Passport System would directly advance these objectives by improving the efficiency and integration of Canada's capital markets.

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<sup>7</sup> [Canada Strong: Budget 2025](#), page 95



## Conclusion

Ontario's participation in the Passport System would support economic growth and job creation by reducing regulatory burden, accelerating time-to-market for new investment and financing, and increasing certainty for businesses seeking to raise capital. A more efficient, integrated capital market would help Canadian firms expand, innovate, and hire in Ontario and across the country, while preserving strong investor protection.

By strengthening Ontario's competitiveness as a place to do business and invest, Ontario's participation would help attract and retain capital-market activity that supports high-quality jobs and long-term prosperity. Joining the Passport System would also represent a meaningful step toward reducing interprovincial trade barriers and advancing a more integrated national economy.

There is both a clear need and a timely opportunity to act. We respectfully urge the Government of Ontario to join the Passport System and work collaboratively with other jurisdictions to further strengthen Canada's capital markets.

Sincerely,

Katie Walmsley  
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Portfolio Management  
Association of Canada

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CFA Societies Canada

**cc:** The Honourable Doug Ford, M.P.P., Premier of Ontario <[premier@ontario.ca](mailto:premier@ontario.ca)>