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Prop firm license in Canada

From PropFirmLicenseWiki, the free encyclopedia of prop firm licensing · Last updated 28 November 2026

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Prop firms in Canada



Flag

Regulator	Provincial securities regulators, coordinated by the Canadian Securities Administrators (CSA); in Ontario the Ontario Securities Commission (OSC) [1]
Regulator's position	Enforcement action (2023) [2] [3] [5] [6]
Licence	No specific regime [1] [2]
Legal basis	Provincial securities acts (in Ontario, the Securities Act, R.S.O. 1990, c. S.5) [3]
Licensed-route capital	Not confirmed
Consumer protection	Provincial consumer law
Compensation scheme	None for challenge fees [4]
Serving traders abroad	Within Canada [1]
Prop firm register	No prop firm register [1]
Public register	CSA National Registration Search

In short: No specific regime; dealer registration with a provincial securities regulator where a scheme amounts to trading in securities or derivatives. [1] [2] Regulator's position (CSA / OSC): enforcement action (2023). [2] [3] [5] [6] Capital for the licensed route: Not confirmed. Compensation if the firm fails: none for challenge fees. [4] As of November 2026.

Canada has no specific regime for prop firms. Securities and derivatives are regulated by the provinces, coordinated by the **Canadian Securities Administrators (CSA)**. In 2023 the **Ontario Securities Commission** acted against My Forex Funds, alleging unregistered trading and fraud; the allegations were not proven, and Ontario's court later criticised the OSC's conduct and returned the firm's assets.

Regulator's position

Enforcement action. In August 2023 the OSC issued a temporary cease trade order against Traders Global Group Inc. (My Forex Funds), alleging possible breaches including fraud, unregistered trading and illegal distribution of securities. These allegations were not proven; the Ontario Superior Court later returned the firm's funds and client data and in 2026 awarded it costs against the OSC. [2] [3] [5] [6]

A regulator's silence is not approval. Where we found no public statement, this article says so.

Business models and licences

In Canada: no specific regime; dealer registration with a provincial securities regulator where a scheme amounts to trading in securities or derivatives. [1] [2] Legal basis: Provincial securities acts (in Ontario, the Securities Act, R.S.O. 1990, c. S.5). [3]

- **Evaluation (funded-trader) firm** – sells challenges on simulated accounts; regulators can treat some schemes as trading requiring registration
- **Registered dealer** – an investment dealer that is a member of CIRO, needed to offer live trading to Canadian clients

Capital for the licensed route

Minimum capital in Canada (2026): Not confirmed.

Application fee: Not confirmed.

> Capital is only the regulatory floor. Staff, audit, compliance, risk management and technology usually cost more than the capital itself.

Setting up

Decision time for a licence: Not confirmed. The usual steps are:

1. Take advice on whether the model involves trading in securities or derivatives under provincial law.
2. If registration is needed, apply to the principal regulator in the home province.
3. Comply with provincial consumer law, AML (FINTRAC) and privacy law for an evaluation business.

Substance and governance

Not confirmed.

Trader protection

What protects traders in Canada, as of November 2026. See Trader protection for the same points in every jurisdiction.

Protection	Rule in Canada
Consumer protection for challenge fees	Provincial consumer protection laws apply to consumer purchases. Not confirmed how they apply to challenge fees.
Live trading and payouts	Not confirmed.
Compensation if the firm fails	None for challenge fees. The Canadian Investor Protection Fund protects clients of member firms of the Canadian Investment Regulatory Organization if the member firm becomes insolvent. [4]

Protection	Rule in Canada
Serving traders abroad	Registration is provincial; the CSA passport system lets a firm registered in its home province rely on that registration in other provinces. [1]

Public registers

Registered dealers and advisers can be checked in the CSA National Registration Search. There is no register of evaluation prop firms. [1]

> A regulator's register is the only current source of who holds a licence. A prop firm's website saying it is “regulated” is not.

Recent changes

In December 2025 the Ontario Superior Court granted Traders Global Group access to its client data and nearly all of its funds, and in February 2026 it ordered the OSC to pay costs of C$80,000. [5] [6]

How to check a prop firm

1. Find the exact legal name, registered address and company number of the entity that sells the challenge, usually in the terms and conditions or the website footer.
2. Check whether that entity, or the broker that executes live trades, appears on the regulator's register: CSA National Registration Search . Most evaluation firms will not appear, because they are not licensed.
3. Search the regulator's warnings and IOSCO's I-SCAN alerts for the firm's name and website.
4. Read the rules on payouts, refunds, account closure and restricted countries before paying, and keep copies.

Frequently asked questions

Are prop firms legal in Canada?

There is no specific prohibition or licence. Provincial regulators can act where they believe a scheme amounts to unregistered trading or fraud, as the OSC did in 2023.

As of November 2026. Rules and regulators' positions change; confirm with the CSA / OSC or a qualified adviser before you set up a prop firm or pay for a challenge. Where we could not confirm a point from an official source, this article says so.

See also

- Prop firm rules compared
- Prop firm license in the United States
- How to check a prop firm
- All jurisdictions

References

Entries marked **Official** are the regulator, the law or another public body. Trade press is used only where no official text exists, and is named.

1. Official Canadian Securities Administrators . CSA. Accessed November 2026.
2. Official OSC issues temporary cease trade order against myforexfunds.com . Ontario Securities Commission. Accessed November 2026.
3. Official Temporary Order: In the Matter of Traders Global Group Inc. and Muhammad Murtuza Kazmi . Capital Markets Tribunal. Accessed November 2026.
4. Official Canadian Investor Protection Fund . CIPF. Accessed November 2026.
5. Canada Court Rebukes Securities Watchdog Over Forex Trading Case (26 February 2026) . Bloomberg Law. Accessed November 2026.
6. Ontario court frees assets of embattled prop firm after US case collapse . Wealth Professional. Accessed November 2026.

Source: https://propfirmlicensewiki.com/prop-firm-license/canada/
Version: last updated 28 November 2026. Check the online version for later changes.

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