FAIR Canada — Canada's Investor Rights Advocate — Promoteur des droits des investisseurs

Regulators should hold the line on prediction markets, FAIR Canada says

TORONTO, Sept. 24, 2026 — Canadian securities regulators currently limit the types of prediction market contracts that dealers may offer to retail investors. In a recent white paper, Wealthsimple has argued that regulators should remove those restrictions so firms can sell a much wider range of event contracts. FAIR Canada says the existing restrictions should remain unless broader access is shown to benefit investors and serve the public interest.

In its response, *Prediction Markets in Canada: Drawing the Regulatory Line*, FAIR Canada challenges Wealthsimple's analysis and conclusions. The central issue is not simply whether an event contract can be structured as a derivative. It is whether the product serves a legitimate capital-market purpose, can be offered without compromising investor protection or market integrity, and belongs in Canada's retail investment market. Wealthsimple has not made that case.

"An event contract may be a derivative in legal form, but in substance it can still be a wager," said Jean-Paul Bureaud, CEO of FAIR Canada. "If legal form alone justified access to our capital markets, the line between investing and gambling would disappear. Where regulators draw that line matters. Retail investors may bear the losses, but public confidence in our capital markets is ultimately what is at stake."

The Canadian Securities Administrators (CSA) and the Canadian Investment Regulatory Organization (CIRO) currently permit regulated dealers to facilitate trading in a limited range of event contracts tied to economic, financial-market and climate indicators. Those restrictions recognize that not every contract structured as a derivative belongs in capital markets. A narrow exception for certain event contracts should not become an open gateway to the retail distribution of virtually any future event contract that can be structured as a derivative.

"Wealthsimple has asked regulators to broaden retail investor access to prediction markets," Bureaud said. "Those seeking broader distribution must first demonstrate clear investor benefits, effective protections and a compelling public-interest case. Assertions about innovation and investor demand are not enough. Until that case is made, regulators must hold the line."

About FAIR Canada

FAIR Canada champions the rights of individual investors through advocacy, education and regulatory reform. As Canada's only national non-profit organization focused exclusively on investor protection, FAIR Canada provides independent, informed commentary on issues affecting investor fairness and confidence in Canada's capital markets. Learn more at FAIRCanada.ca and connect with us on X and LinkedIn.

For further information, contact:

Pira Kumarasamy, Director of Communications
pira.kumarasamy@FAIRcanada.ca
416-856-6253