

CSA Financial Innovation Hub Discussion Paper

Introduction of CSA Testing Cohort Environment and Consideration of Securities Laws Implications related to Data Portability

Consultation Questions on Data Portability and e-KYC

1. What changes have you made in your organization (or changes that you expect to implement) to comply with existing or forthcoming data portability obligations, and what challenges have you encountered?
2. In what circumstances has there been a conclusion that the costs and complexities in implementing data portability resulted in the organization not being required to comply with such obligations? Are any of these related to securities legislation?
3. How do you anticipate that data portability will impact the investor experience, particularly in terms of reducing friction during transitions between service providers? If clients have already begin exercising their rights by utilizing these services, what has the feedback been so far?
4. To what extent would standardized data formats facilitate data portability between registrants? Are there existing frameworks or standards that should be adopted or modified to improve interoperability? Are there risks or disadvantages to such standardization?
5. What are the circumstances that you anticipate having to transfer data with external parties? How prevalent are these circumstances?
6. What motivated you to consider adopting e-KYC solution and what features and improvements would you like to see in the future? Alternatively, if your organization would not consider adopting e-KYC solution, what is the principal reason for not doing so?
7. In what ways could e-KYC and data portability contribute to broader inclusion of investors? What steps can be taken to ensure that individuals who may have limited access to traditional identification systems are not disadvantaged by these innovations?
8. Are you aware of other e-KYC portability business models being considered?
9. What sorts of information do registrants anticipate transferring? What types of data would it be useful for registrants to obtain upon new client onboarding or at other times? Is there certain data that registrants have concerns with being required to transfer?
10. We have noted e-KYC here - are there other regulatory obligations in securities legislation that registrants anticipate can be better satisfied through use of data portability?

11. Are there circumstances in which transfer of data enhanced by other market participants to provide additional value, such as risk tolerance assessments, would be appropriate, and if so what are those?
12. Would you be interested in participating in either the Phase 2: Industry Consultation Forum or Phase 3: Live Testing Environment? If you are interested in participating in the live testing environment, how do you think you will be able to participate? (e.g. as a registrant using potential e-KYC services, or a potential e-KYC service provider)?
13. In your opinion, are there any provisions or requirements in securities legislation or guidance that may detrimentally affect how your organization can utilize e-KYC portability solutions? If so, in your view, what is the most appropriate regulatory action that would enable or assist your organization to utilize an e-KYC portability solution (e.g. specific rule change, additional guidance)?
14. If you have already implemented an e-KYC solution, what specific challenges have you faced in implementing the solution?
15. How does a registrant ensure that investors are fully informed and able to provide meaningful consent for data portability, particularly in the context of e-KYC? What improvements could be made to better inform customers about their data ownership rights and portability options? What measures could be taken to enhance customer understanding and control over their data?
16. What risks arise from the use of e-KYC, and what regulatory measures or industry best practices would be most effective in addressing those risks? How can the CSA help ensure that investors are protected while enabling innovation in this space?
17. Do you see any security or accuracy issues arising with respect to utilizing an e-KYC portability solution for a large number of clients?
18. How do current industry standard KYC processes mitigate risks such as deepfakes, synthetic identities, identity fraud, and regulatory non-compliance, and what additional measures or technologies could be implemented to enhance protection against these threats?
19. What technological infrastructure is required to support efficient data portability, and how does the cost of implementation impact your business? Are there specific technologies or innovations that could help reduce costs while maintaining security and compliance?
20. How do third-party service providers (e.g., data aggregators, e-KYC platforms) influence the data portability process? What role should these third parties play in facilitating secure and compliant data transfers, and what regulatory oversight might be necessary?
21. How do you foresee blockchain or AI impacting the implementation of data portability and e-KYC? What steps can regulators take to prepare for these technological advancements while maintaining market integrity?

[Example only – was not formatted or reviewed by Comms or WG.]

22. Data portability often involves the transfer of customer data across jurisdictions. What regulatory or operational challenges do you encounter when facilitating cross-border data transfers, and how can regulatory frameworks better support such transfers in a compliant and secure manner?
23. What common design principles are necessary to maximize the interoperability between a technical standard for a consumer-driven banking framework and a structured and commonly used technological format to meet data portability obligations (including a potential e-KYC solution) requiring the transfer of personal information in Canadian capital markets?
24. To what extent do regulatory barriers influence your decision to use or not use e-KYC solutions? Are there particular regulations or specific provisions that influence your decision to use an e-KYC solution?
25. To what extent would industry-wide collaboration on data portability standards benefit registrants, and how can regulators such as the CSA support this collaborative effort? What challenges or barriers exist in developing and adopting such standards?
26. Although this first theme deals with emerging issues related to data portability and e-KYC, CSA staff are interested in developing further cohort-based testing environments. To that end, we are interested in understanding if there are emerging areas for the CSA to consider in subsequent cohorts. Please let us know if there are any particular areas of interest for us to further consider in future Testing Environments.