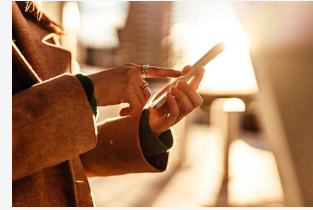


OSFI's streamlined bank incorporation framework: what eligible applicants need to know



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Key Takeaways

- On June 25, 2026, the Office of the Superintendent of Financial Institutions launched a framework to facilitate quicker licensing for fintechs and provincial credit unions.
- The framework offers a risk-based assessment process with defined timelines.
- New entrants will face active supervision and must meet all regulatory standards, despite the streamlined approach.

On June 25, 2026, the Office of the Superintendent of Financial Institutions (OSFI) launched its [Streamlined approvals framework for targeted new entrants](#) (the framework). The new framework is designed to give eligible entrants a more timely and transparent pathway to becoming a federally regulated financial institution.

The framework introduces a more focused, risk-based assessment process with defined timelines. Its objective is to support earlier entry for applicants where risks can be effectively mitigated at entry using regulatory or supervisory tools, without requiring extended pre-licensing remediation. It also introduces a voluntary OSFI-managed public dashboard that participating applicants may use to provide visibility into the status and progress of their application throughout the approval process.

The framework reflects the federal government's policy priorities introduced in [Budget 2025 \[PDF\]](#) aimed at fostering a regulatory environment that supports innovation and emerging business models in Canada's rapidly evolving financial services landscape.

Who the framework applies to

The framework applies to two distinct categories of applicants:

- entities with technologically innovative or emerging banking models
- provincial credit unions seeking to continue federally

Other applicants (such as insurance companies or foreign bank branches) as well as applicants within these two categories whom OSFI determines are not suitable for the framework, must continue to follow OSFI's existing guides and approvals processes. Suitability does not automatically guarantee access to the framework and OSFI has the right

to limit the number of applications processed under the new streamlined path.

Suitability criteria

As an initial step, eligible applicants submit a self-assessment to OSFI confirming their readiness and eligibility for the streamlined framework.

To qualify for the framework, fintechs and other innovators must demonstrate to OSFI that they offer innovative products, meaning new or materially differentiated financial products or innovative methods, meaning new or meaningfully different approaches to deliver or operate financial services. In respect of innovative methods, applicants must show they can deliver improvements compared to existing industry practices in the areas of efficiency, cost, speed, resilience, accessibility or risk management. Examples of innovative methods include novel operating models, capabilities, distribution frameworks or end-to-end process designs. In respect of innovative products, examples include novel account types, pricing or fee structures or integrated bundled financial services that deliver differentiated and measurable value to customers.

It will be important to see how OSFI applies the “new or meaningfully different/new or materially differentiated” standard in practice, as it represents the main entry point into the framework for fintechs. For example, it is unclear whether existing industry practices are intended to refer to traditional banking practices or if fintechs will be required to differentiate themselves from other innovators.

Provincial credit unions seeking the streamlined path must demonstrate to OSFI, among other things

- a well-established, transparent and readily understood business model
- an established operating history and a demonstrated supervisory track record
- the capacity to maintain adequate capital over time through retained earnings, supported by stable, sustainable profitability
- systems and management capacity sufficient to support effective scaling at the federal level
- a clear and viable legislative pathway within the home province to effect their provincial discontinuance within a reasonable timeframe and without material uncertainty

Framework phases and timing

The framework will continue to operate in three distinct phases (except for credit union federal continuances where Phases 2 and 3 are combined), but with more defined timelines.

- In **Phase 1 (Initial readiness assessment)**, the applicant meets with OSFI, submits pre-application information, and receives an initial readiness assessment letter with OSFI’s preliminary views on the applicant’s suitability for the streamlined path. If the applicant is suitable, the applicant can proceed to submit a formal application as the next step in the process. A provincial credit union must also obtain the approval of its members, passed by special resolution at a meeting of members, and provide certain OSFI and CDIC pre-approved membership disclosures. *Timing*: initial readiness assessment letter issued within four weeks of the initial OSFI meeting

- In **Phase 2 (Letters Patent)**, the applicant publishes a notice of intention to apply for Letters Patent for four consecutive weeks in the *Canada Gazette* and newspaper of general circulation and files its formal application with required information. OSFI submits its recommendation (including any licensing conditions or restrictions) to the Minister of Finance for the issuance of Letters Patent. If approved, the Minister issues Letters Patent that creates the federal financial institution. *Timing*: within 12 months of the acknowledged filing date.
- In **Phase 3 (Operational readiness)**, the Superintendent confirms operational readiness and issues the order for the newly established federal financial institution to commence and carry on business. *Timing*: within three months of Letters Patent issuance, or aligned with commencement plans, subject to legislative requirements.

The approval process under the existing incorporation framework has recently taken up to four years or more. The new framework therefore promises a faster path. However, as is the case with the existing framework, actual timing will depend on a number of factors, including the applicant's responsiveness and completion of required security checks. To avoid delays, applicants are encouraged to spend sufficient time upfront at each phase to ensure the quality and completeness of their submissions.

Focused risk-based reviews

A key aspect of the framework is a comprehensive, risk-based review that is calibrated to the applicant's readiness and risk profile. Applicants are evaluated against core regulatory requirements, including those related to operational resilience, financial resilience, risk governance, and integrity and security risks.

Where risks can be sufficiently mitigated at the point of entry through regulatory supervisory tools without requiring extended pre-licensing remediation, OSFI may recommend restrictions or conditions to support early entry into the market. These restrictions could take the form of undertakings, prudential agreements or restrictions on business activities, growth or product scope. OSFI may also allow an applicant to complete the development of its policies, processes, or systems after receiving its Order to Commence and Carry on Business.

Application toolkit

The documents and forms required under the streamlined framework can be found [here](#), including initial readiness assessment forms and formal application checklists for Phase 2 and 3.

Looking ahead

The new framework gives fintechs and provincial credit unions a faster and more streamlined path to a federal license. But it may not be an easier path. OSFI has stated that the streamlined approach is not intended to represent a relaxation of standards, and applicants should continue to meet all applicable expectations, including those related to liquidity, capital, governance, risk management, and integrity and security. In addition, following approval, new entrants will be subject to active supervision as the institution builds and scales.

It will be important to see the number and types of conditions and restrictions that OSFI imposes under the new framework. For example, restrictions on a new financial institution's ability to take deposits or burdensome capital requirements could make the new framework less attractive to some applicants.

Applicants are encouraged to familiarize themselves with the new framework, engage early with OSFI and submit well-prepared documentation in support of their application to be best positioned to take advantage of the new streamlined path.

Osler's Financial Services Regulatory Group can help applicants assess eligibility, prepare for early engagement with OSFI, and navigate the application process under the new framework.