

CSA systemic risk report: Exploring rare occurrences

February 29, 2024

The Systemic Risk Committee (SRC) of the Canadian Securities Administrators (CSA) allows staff to review and monitor systemic and emerging risks in the Canadian capital markets. The SRC recently [released its report](#) for the first time, identifying their views of certain trends and key vulnerabilities. Identified vulnerabilities are wide-ranging, and include high inflation and interest rates, the crypto asset market, consequences of a potential failure of any large dealers, and the private securitization market. Of particular interest to readers may be comments made with respect to private investment funds.

While it was noted that overall, fund liquidity risks were well managed and ETFs demonstrated resilience during recent financial stress, exempt funds that invest in private assets such as private debt and real estate reported liquidity mismatches, which may increase if economic conditions deteriorate. The SRC indicated that the risk from investor outflows might be greater for funds that invest in private assets and that rely on institutional investors who may withdraw large amounts quickly, although the ability to utilize tools such as longer redemption notice periods can help funds align redemptions **with a fund's liquidity profile. Private equity, private debt, or real estate funds are called out as potentially needing to suspend or restrict redemptions to ensure orderly fulfillment of redemption payments.** While it is noted that public funds have a relatively low liquidity risk, the risk does need to be managed appropriately, and the SRC will continue to monitor the liquidity profile of mutual funds.

The views of the SRC do not necessarily reflect the views of CSA members, and it will be interesting to follow whether any further action is taken based on some of the key **vulnerabilities mentioned in the report.**

By

[Kimberly Poster](#)

Expertise

[BLG Beyond AUM Law](#)

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 725 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2025 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.