



Policy on Regulatory Sandboxes

Published: 2025-11-24

© His Majesty the King in Right of Canada,
represented by the President of the Treasury Board 2025,

Published by Treasury Board of Canada, Secretariat
90 Elgin, Ottawa, Ontario, K1A 0R5, Canada

Catalogue Number: BT58-15/2025E-PDF
ISBN: 978-0-660-97573-3

This document is available on the Government of Canada website, [Canada.ca](https://www.canada.ca)

This document is available in alternative formats upon request.

Aussi offert en français sous le titre : Politique sur les bacs à sable réglementaires

Policy on Regulatory Sandboxes

On this page

1. [Purpose](#)
2. [Effective date](#)
3. [Scope of application](#)
4. [Context](#)
5. [Definitions](#)
6. [Principles](#)
7. [Regulatory sandboxes](#)
8. [Accountability, roles and responsibilities](#)
9. [Additional resources](#)
10. [Enquiries](#)

1. Purpose

This *Policy on Regulatory Sandboxes* outlines the requirements that federal departments and agencies must meet in order to comply with the [Cabinet Directive](#)

on Regulation as it relates to using regulatory sandboxes to support the regulatory life cycle.

2. Effective date

This policy takes effect in alignment with the coming into force of the proposed enterprise-wide legislative authority in the *Red Tape Reduction Act*.

3. Scope of application

This policy applies to federal departments and agencies in the application of regulatory sandboxes.

4. Context

Canada's regulatory system is designed to protect and advance the public interest in the following areas:

- health
- safety and security
- the quality of the environment
- the social and economic well-being of Canadians

Regulations are legal instruments designed to help achieve these outcomes; however, many regulations as written cannot keep pace with today's technological advances or rapidly changing regulatory environment.

Regulatory sandboxes can help departments and agencies:

- respond to marketplace innovation in a flexible manner, foster competitiveness, and support economic growth, while protecting the health, safety, security, and social and economic well-being of Canadians and the environment
- support evidence-based decision-making throughout the regulatory life cycle and thus contribute to modernized regulations and their associated programs and activities

This policy sets out how regulatory sandboxes are to be used by departments and agencies in a responsible, accountable, consistent and transparent manner to support the regulatory life cycle.

5. Definitions

For the purpose of this policy, the following definitions apply:

- a **Forward Regulatory Plan** is a publicly available list, with descriptions, of planned or anticipated federal regulatory changes that a department intends to bring forward over a 24-month period
- **Indigenous peoples** has the meaning assigned by the definition of “aboriginal peoples of Canada” in subsection 35(2) of the [*Constitution Act, 1982*](#)
- **other jurisdictions** are:
 - provinces
 - territories
 - Indigenous governing bodies
 - municipalities in Canada or municipal or other public bodies performing a function of Government in Canada
 - a foreign state or a subdivision of a foreign state
 - an international organization or association of states
- **regulations**, under the *Statutory Instruments Act*, are:
 - statutory instruments established pursuant to legislative powers conferred under an act of Parliament that may result in the imposition of legal sanctions if they are contravened
 - used by government as an instrument to mandate or enable particular behaviours or outcomes in order to achieve public policy objectives
- the **regulatory life cycle** constitutes the cyclical stages of developing, managing and reviewing a regulation and its associated program(s) to ensure that it:
 - meets its policy objectives

- results in the greatest overall benefit to current and future generations of Canadians
- a **regulatory sandbox**, in the context of this policy, is the practice by which a temporary authorization is provided for innovation (for example, a new product, service, process, application, regulatory and non-regulatory approaches) and is for the purpose of evaluating the real-life impacts of innovation, in order to provide information to the regulator to support the development, management and/or review and assessment of the results of regulations. This can also include for the purposes of equipping the regulatory framework to support innovation, competitiveness or economic growth
- **stakeholders**, in the context of this policy, are individuals or parties who have an interest or concern in federal regulations and related federal government initiatives; stakeholders can include the following:
 - Canadians
 - governments
 - organizations
 - businesses
 - trading partners

6. Principles

This policy is grounded in the following four principles, set out in the directive, to guide departments and agencies in developing, managing and reviewing regulations:

1. **Regulations protect and advance the public interest and support good government:** Regulations are justified by a clear rationale in terms of protecting the health, safety, security, and social and economic well-being of Canadians and the environment.
2. **The regulatory process is modern, open and transparent:** Regulations, and their related activities, are accessible and understandable, and are created, maintained and reviewed in an open, transparent and inclusive way that meaningfully engages the public, stakeholders and Indigenous peoples early on.

3. **Regulatory decision-making is evidence-based:** Proposals and decisions are based on evidence, robust analysis of costs and benefits, and the assessment of risk, while being open to public scrutiny.
4. **Regulations support a fair and competitive economy:** Regulations should aim to support and promote inclusive economic growth, entrepreneurship, and innovation for the benefit of Canadians and businesses. Opportunities for regulatory cooperation and the development of aligned regulations should be considered and implemented wherever possible.

7. Regulatory sandboxes

7.1 General overview

Regulatory sandboxes are a tool that allows for departments and agencies to learn how to incorporate or best regulate innovation (for example, a new product, service, process, application, regulatory and non-regulatory approaches) before making permanent regulatory changes. They allow for temporary, limited authorizations of innovation and must demonstrate how regulatory regimes could be modernized, while under regulatory supervision. Evidence gathered in the regulatory sandbox can be used to support the regulatory life cycle, including helping to examine and analyze regulations through all stages (see section 4 of the directive).

The authority to enable regulatory sandboxes has its legal basis in:

- the *Red Tape Reduction Act*, or
- specific enabling authorities that provide allowance for temporary authorization(s) within legislation or regulations

7.2 Policy requirements

7.2.1 Planning, consultation and assessment of a regulatory sandbox

Departments and agencies are responsible for ensuring that a regulatory sandbox is the appropriate tool, while also ensuring that it will not compromise the health, safety, security, and social and economic well-being of Canadians and the environment. When assessing and planning for a regulatory sandbox, before a

regulatory sandbox can be enabled, departments and agencies are responsible for the following:

Analysis and planning

- Assessing the value and feasibility of implementation of the regulatory sandbox
- Considering and addressing any domestic, international, sectoral, social, economic, labour and environmental implications
- Identifying risks, developing risk mitigation strategies, and aligning plans and processes consistent with the level of risk
- Developing plans for collecting data, measuring outcomes, and oversight.
- Considering the plan for ending a regulatory sandbox, including addressing any possible transition period between the end of a regulatory sandbox and any permanent regulatory changes coming into effect or the potential impacts in the absence of regulatory change

Consultations, engagement, and alignment

- Identifying and engaging in meaningful consultation with implicated stakeholders
- Considering opportunities to collaborate with or leverage work in other jurisdictions
- Identifying, notifying and coordinating with implicated departments and agencies and sectoral bodies
- Identifying and working in consultation and cooperation with implicated Indigenous peoples
- Identifying how the regulatory sandbox aligns with the rights articulated in the United Nations Declaration on the Rights of Indigenous Peoples and the statutory obligations under the *United Nations Declaration on the Rights of Indigenous Peoples Act*

Information management

- Developing plans for managing data and handling of confidential business information

- Documenting assessment and decision-making processes and providing this information to the Treasury Board of Canada Secretariat (TBS) upon request.

7.2.2 Enabling a regulatory sandbox

Should it be determined that a regulatory sandbox is the appropriate tool to gather evidence to support the regulatory life cycle, departments and agencies must, in the following order:

- a. as feasible, include the planned regulatory sandbox in the Forward Regulatory Plan, in accordance with the [Policy on Regulatory Transparency and Accountability](#)
- b. enable the regulatory sandbox (for example, permit a temporary authorization of innovation through the appropriate authorities)
- c. notify TBS that the regulatory sandbox has been enabled (in accordance with supporting guidelines and tools)

7.2.3 Regulatory sandbox implementation

In order to effectively implement a regulatory sandbox, departments and agencies must maintain oversight and data collection throughout the duration of the regulatory sandbox.

Departments and agencies should ensure that the regulatory sandbox continues to uphold the health, safety, security, and social and economic well-being of Canadians, and the environment, and take appropriate action to address any unintended consequences or realization of risks, as needed.

During and after a regulatory sandbox's operation, departments and agencies must also:

- coordinate with implicated departments and agencies, stakeholders and sectoral bodies on next steps
- manage collected data
- ensure transparency, including:
 - having mechanisms for stakeholders to provide feedback
 - reporting publicly on regulatory sandbox outcomes and next steps, and notifying TBS of any such reports in accordance with supporting

7.2.4 Requirement to report

As required by the *Red Tape Reduction Act*, the President of the Treasury Board publishes an annual report for each fiscal year during which regulatory sandboxes are implemented under the act. This report includes:

- a summary of the exemptions issued under the act during the previous fiscal year
- a list of exemptions issued under the act that were active within that 12-month period

In addition to the reporting requirement set out in the act, the President may also include in this report other aspects related to the use of regulatory sandboxes across the federal government.

The President of the Treasury Board publishes the report on the TBS website.

8. Accountability, roles and responsibilities

8.1 Regulatory Affairs Sector, Treasury Board of Canada Secretariat

TBS is responsible for:

- overseeing, monitoring and assessing compliance with this policy's requirements
- reviewing and assessing departments' and agencies' websites and information that is provided to TBS to ensure that departments and agencies meet this policy's requirements
- updating and maintaining this policy and any supporting guidance

TBS may also report internally or publicly on its findings of compliance with this policy.

TBS will also:

- work with departments and agencies to provide advice in meeting the requirements of this policy
- provide education, guidance, advice and training to the federal regulatory community on regulatory sandboxes

8.2 Departments and agencies

Federal departments and agencies are responsible for:

- understanding the requirements of this policy and complying with it
- addressing questions and comments from interested persons on the information that they publish

Departments and agencies may also consider undertaking early and ongoing engagement with TBS to seek advice and best practices when considering and implementing regulatory sandboxes.

8.3 Department of Justice Canada

The Department of Justice Canada is responsible for providing legal advice to departments and agencies, including on temporary authorizations that could enable regulatory sandboxes.

9. Additional resources

- The [Requirements for developing, managing and reviewing regulations](#) web page contains links to:
 - the *Cabinet Directive on Regulation*
 - policies, guidelines and tools
- [The Centre for Regulatory Innovation](#)

10. Enquiries

Enquiries and feedback on this policy and its implementation can be made by contacting [TBS](#).

Did you find what you were looking for?

Yes

No

Date modified: 2025-12-29

Government of Canada

All contacts

Departments and agencies

About government

Jobs

Immigration and citizenship

Travel and tourism

Business

Benefits

Health

Taxes

Environment and natural resources

National security and defence

Culture, history and sport

Policing, justice and emergencies

Transport and infrastructure

Canada and the world

Money and finances

Science and innovation

Indigenous Peoples

Veterans and military

Youth

Manage life events

Social media

Mobile applications

About Canada.ca

Terms and conditions

Privacy

Canada 