

Title:	Non-traditional business models
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Table of contents

Introduction and purpose.....	2
Current legislation and regulations.....	3
General information and definitions.....	3
Registration process.....	4
Guidelines.....	4
Contact.....	5

Key highlights

- All Registrants – including those that follow a non-traditional business model – must comply with the MVDA and its regulations, including the Code of Ethics.
- The Act allows the Registrar to request additional information from prospective Registrants if the Registrar believes that this additional information is required to help OMVIC determine the applicant's eligibility for registration.
- Registrants are also subject, in certain cases, to terms and conditions imposed by the Registrar.
- A definition of what constitutes a non traditional business model is offered for the first time.

Introduction and purpose

The Ontario Motor Vehicle Industry Council (OMVIC) administers and enforces the [Motor Vehicle Dealers Act, 2002](#) (MVDA), its regulations and code of ethics, as well as relevant sections of the [Consumer Protection Act](#) (CPA), on behalf of Ontario's Ministry of Public and Business Service Delivery. OMVIC's mandate is to maintain a fair and informed marketplace by protecting the rights of consumers, enhancing industry professionalism, and ensuring fair, honest, and open competition for registered motor vehicle dealers.

As businesses and markets evolve, industries continue to experience trends and changes that require regulators to adapt in an effort to ensure regulatory expectations are clear and readily available. Consequently, Registrants often seek guidance to ensure their businesses are compliant with relevant legislation and consumer protection measures.

OMVIC reviews all applications for registration in accordance with the requirements of the MVDA and the [Code of Ethics](#). OMVIC has published a separate guideline on [dealer premises](#), detailing the relevant requirements and OMVIC's expectations about Registrants' operations.

This guideline applies to all Registrants, or applicants for registration, including those using a non-traditional business model.

Current legislation and regulations

The legislation doesn't offer a clear definition for these non-traditional types of businesses. However, [Section 6 of the MVDA](#) spells out the requirements for Registration as a licensed dealer in Ontario. See below (Registration process) for further details. Of particular interest, sub-section 1.1 allows the Registrar to request additional information from prospective Registrants if, in the Registrar's opinion, this additional information is required to help OMVIC determine the applicant's eligibility for registration.

General information and definitions

Today's automotive marketplace is quite different than it was even a few years ago. There are many new types of businesses. For example, some businesses:

- Operate entirely, or almost entirely, online.
- Offer leasing and financing options through an app.
- Seek to connect dealers with other dealers or with consumers.
- Want to provide short-term rentals or leases.
- Generate sales leads for existing dealers.
- Provide subscriptions to vehicles or parts of vehicles, such as batteries.

No matter what business model is being proposed, all companies seeking to conduct trade of motor vehicles must be registered by OMVIC before they can operate legally in Ontario. OMVIC takes the view that the term non-traditional business model describes any business that:

- Fits the legislation's [definition of trade](#) ("buying, selling, leasing, advertising or exchanging an interest in a motor vehicle or negotiating or inducing or attempting to induce the buying, selling, leasing or exchanging of an interest in a motor vehicle");
- Is registered to operate or seeks to become registered to operate in Ontario; and
- Falls outside the parameters of the traditional bricks-and-mortar operation widely understood within the industry and by consumers as a motor vehicle dealership.

Registration process

As permitted by Section 6, sub-section 1.1 of the Act, the Registrar sometimes asks applicants proposing non-traditional business models for additional information because, simply, their approach is outside the norm. However, the law applies equally to all applicants and Registrants, no matter what their business model. They are assessed, reviewed, and considered according to OMVIC's mandate to maintain a fair and informed marketplace by protecting the rights of consumers, enhancing industry professionalism and ensuring fair, honest and open competition for registered motor vehicle dealers.

Once OMVIC receives an application for registration, it is reviewed internally. The Registration Department may ask the follow-up questions mentioned in the previous section and use the information to determine eligibility. Like other applicants, businesses proposing non-traditional business models could have their registration approved subject to [terms and conditions](#). The form that these terms and conditions take varies from one business proposal to another.

New Registrants are subject to increased oversight in their first few years of operation as part of OMVIC's commitment to manage risk. Registrants with non-traditional business models – like others – should be prepared, for example, for a new dealer inspection and further risk-based inspections. The OMVIC website has [more information](#) about the steps involved in becoming a Registrant, information for new or reinstated salespersons and new dealers. It also explains why a registration request might be refused and the exemptions that apply in certain cases.

Guidelines

As a responsible, modern regulator, OMVIC works with Registrants to ensure they have the tools they need to operate in compliance with the law and in an ethical and professional manner. It is the responsibility of Registrants to ensure that they are familiar with and understand these requirements and expectations.

One of the key tools available to Registrants is the Code of Ethics, which sets out the requirements for how they should conduct their business. Among other provisions, it speaks to the requirements for [respect](#) and [professionalism](#).

Like all Registrants, those who follow a non-traditional business model as defined above are expected to:

- Abide by the [MVDA](#) and its [regulations](#), including the [Code of Ethics](#), as well as the [Consumer Protection Act](#) and any other relevant legislation.
- Uphold any terms and conditions imposed by the Registrar.
- Follow the rules, requirements, guidelines and other documents as OMVIC may publish or update from time to time.
- [Notify OMVIC](#), as required, when certain changes or other business-related activities take place.

Contact

The Dealer Support team is available to assist dealers in achieving and maintaining compliance with the MVDA and Code of Ethics. Registrants who wish to contact Dealer Support can reach the team at the phone number below and leave a message. Messages are returned in priority sequence.

Phone: 1-800-943-6002 ext. 4

Email: dealers@omvic.on.ca