

CCGG Position Statement on the Proposed National Securities Act

SEPTEMBER 2010

Canadian Coalition for
GOOD GOVERNANCE
THE VOICE OF THE SHAREHOLDER

The Proposed National Securities Act is an Important Step Forward for Canada

Significant Benefits for Canada

In today's global economy, Canada needs a national securities regulator and a national securities act to ensure that uniform rules, focusing on investor protection and keeping pace with international best practices, govern our capital markets. If these rules are broken, a national securities regulator can ensure that enforcement is swift, effective and coordinated across the country.

CCGG applauds the government's efforts in moving this important initiative forward and believes that the proposed national Securities Act will bring significant benefits to the Canadian capital markets.

Increased Investor Confidence

Canada is an important component of the integrated global capital markets and participants in the Canadian markets come from around the world – our markets are certainly not contained within provincial boundaries. Investment capital flows freely across provincial and national borders based, in part, on whether investors perceive the regulation of each market to be efficient, fair and providing sufficient investor protection.

Canada's current securities regulatory system has an inefficient multiplicity of provincial and territorial regulators, each of which must attempt to coordinate with federal authorities in criminal matters. A national securities regulator will improve investor confidence in the Canadian capital markets by efficiently developing a single set of rules that protect investors and are uniformly enforced throughout the country.

Improved Enforcement

As shareholders of Canadian companies, CCGG members expect that wrongful conduct in the capital markets will be discovered and prosecuted, with appropriate sanctions being imposed that act as meaningful deterrents. There is a widespread belief in the investment community that the current system does not enforce our criminal or administrative laws in a timely or comprehensive way.

CCGG BOARD OF DIRECTORS

CHAIR

David Denison
CPP Investment Board

VICE CHAIR

Barbara Palk
TD Asset Management

DIRECTORS

Bill Chinery
BlackRock

Dan Chornous
RBC Asset Management

Emilian Groch
Alberta Teachers' Retirement Fund

Stephen A. Jarislowsky
Jarislowsky Fraser

Wayne Kozun
Ontario Teachers' Pension Plan

Larry Lunn
Connor, Clark and Lunn

Donald F. Reed
Franklin Templeton Investments
Corp.

Kim Shannon
Sionna Investment Managers

Contact Us

Stephen Griggs, Executive Director
sgriggs@ccgg.ca
416-868-3585

Judy Cotte, General Counsel and
Director of Policy Development
jcotte@ccgg.ca
416-868-3582

CCGG believes that a national, integrated enforcement regime, such as that proposed in the national Securities Act, is critically important for the long term integrity of the Canadian capital markets. For several years, CCGG has recommended changes to improve the enforcement regime, some of which are contained in the proposed Securities Act, including:

- codifying criminal and administrative offences in a single statute
- enhancing investigative powers, particularly for criminal matters
- formally coordinating investigative and prosecutorial authorities, with the Canadian Securities Regulatory Authority taking a lead role and providing expert support to police and prosecutors, and
- separating the adjudicative and policy making functions of the Canadian Securities Regulatory Authority.

Opt-in Approach an Improvement

These changes will bring important improvements to our securities regulatory system, even if some provinces do not immediately “opt-in” to the proposed regime. Reducing the multiplicity of regulators will, at a minimum, improve the efficiency of the system and a national, coordinated enforcement regime will protect investors who participate in it.

CCGG expects that over time each province will opt in to the national system. Provinces that do not immediately opt-in should develop a formal, coordinated working relationship with the Canadian Securities Regulatory Authority and be prepared to follow its lead on matters that extend outside of their province. In particular, non-participating provinces should ensure that they facilitate the consistent enforcement of securities laws across the country, including the criminal provisions that will apply in every province.

The information and comments contained in this document are for the general information of the reader and are not intended as advice or opinions to be relied upon, nor do they necessarily represent the views of individual CCGG members. Although we endeavour to ensure that this document is accurate and complete, we do not guarantee it. For particular applications of the law to specific situations, the reader should seek professional advice. No part of this document may be reproduced without CCGG’s prior written permission.