

Text jointly signed by the Board of Trade of Metropolitan Montreal and the members of the Coalition against the federal government's securities commission project, and published in the National Post.

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Divesting Quebec

Inevitably, the establishment of a single securities regulator would divest Quebec of decision-making authority

The federal government has introduced a draft bill in the House of Commons for the establishment of a Canadian securities regulator. We are opposed to this bill. In our opinion, the bill is unnecessary in light of the effectiveness of the current framework administered by the provincial regulators. As well, we believe it would have a negative impact on the financial sector, issuers and economic activity in certain regions of the country, including Quebec.

In the past decade, the provincial regulators have taken measures to harmonize securities regulation across Canada. This major initiative has led in particular to the creation of the passport system that enables an issuer to raise capital in multiple Canadian jurisdictions and meet its regulatory requirements by dealing only with its principal regulator. The provincial regulators have thus adopted substantially harmonized regulations while addressing the regional needs of the country. This collaborative effort has succeeded in building a framework that delivers all the benefits of a centralized system, but without its disadvantages.

The Canadian securities regulatory framework has been widely recognized internationally for its effectiveness. In fact, the Organization for Economic Co-operation and Development (OECD) ranks Canada second in the world for the quality of securities regulation, while the World Bank ranks the country fifth for the quality of investor protection, ahead of the United Kingdom. As well, as Finance Minister Jim Flaherty has rightly pointed out on several occasions, the strength of our securities regulatory framework has helped Canada weather one of the worst financial crises in history, better than most other industrialized countries.

We are deeply concerned about the adverse consequences that the federal government proposal would have on Quebec's financial sector and economy, as well as on Montréal as a financial centre. Inevitably, the establishment of a single securities regulator would divest Quebec of decision-making authority. The province would lose its ability to introduce innovative structures, such as it did with derivatives, respond in a timely manner to the specific needs of Quebec businesses or take urgent action in financing matters, particularly with respect to small- and medium-sized enterprises. In addition, the proposal would automatically move regulatory activities outside Quebec, without enhancing protection for investors. As highlighted in a recent SECOR study, this shift would result in the loss of hundreds of well-paid and value-added jobs that provide corporate and regulatory support (lawyers, accountants, actuaries, computer specialists, etc.).

We are therefore asking the Government of Canada to forgo its proposal to establish a national securities regulator. In our opinion, the best approach to further strengthening the securities regulatory framework in Canada is to bolster collaboration between the federal and provincial authorities. Every effort must be made to ensure that the benefits gained through regulatory harmonization by the provinces in the past decade are not jeopardized as a result of a futile debate over powers and structures.

MEMBERS OF THE COALITION AGAINST THE FEDERAL GOVERNMENT'S SECURITIES COMMISSION PROJECT

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Association de l'exploration minière du Québec
Association des femmes en finance du Québec
Barreau du Québec
Caisse de dépôt et placement du Québec
Cascades
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