

Create One Regulator, Bankers Say Efficient capital markets needed to be competitive

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The **Canadian Bankers Association** has called on the federal government to create a single securities regulator, a Canadian Securities Commission, "to enhance Canada's competitive advantage internationally."

A single entity, instead of the current system of provincial and territorial regulators, "would enhance efficiency, increase confidence in the markets and allow regulators to respond more quickly to market events," said **Nancy Hughes Anthony**, president and chief executive of the CBA.

In a submission to the Expert Panel on Securities Regulation, the CBA said Canada can no longer afford to maintain the system of 13 securities regulators, each with their own set of regulations, if the country want to be competitive and attract global investment dollars.

"The current impasse on securities reform is simply unacceptable when you consider the key role efficient capital markets play in promoting economic development," Ms. Hughes Anthony said.

According to data from the International Monetary Fund, Canada would rank after the United States, the U. K, Japan, France and China if it were regulated and viewed internationally as a single market, the CBA says. Under the current system, Ontario ranks behind Italy and Alberta is smaller than the Netherlands. Quebec's regulator is comparable in size to Denmark, the CBA says.

Jim Flaherty, the Minister of Finance, appointed the expert panel in February to provide advice and recommendations on securities regulation in Canada. Chaired by Tom Hockin, a former Member of Parliament and former president of the Investment Funds Institute of Canada, the panel is to provide independent advice and recommendations to federal, provincial and territorial ministers on the best way forward to improve securities regulation in Canada.

The CBA is not alone in calling for a single regulator.

Yesterday, the Financial Executives International Canada (FEI Canada) added its voice to the proposal.

"A regulatory framework founded on high-level principles better addresses the ongoing changes in Canada's financial marketplace," said Michael Conway, chief executive of FEI Canada. "This form

of regulation would create a more agile system, which inevitably elevates the stature of Canadian financial markets globally."

The CBA, a lobby group for Canadian banks, says public data reveal that the current system penalizes retail investors outside the major centres of Ontario, Alberta and British Columbia. These investors are limited in their ability to participate in IPOs.

The "fragmented" Canadian system also carries higher costs than a single regulator, particularly for small and medium-sized businesses, and is out of step with other countries around the globe, the bankers' association concluded.

"Over 90% of capital market transactions take place in more than one province or territory, so it makes sense that our regulatory structure should reflect this economic reality," said the CBA's Ms. Hughes Anthony.

A single securities regulator would also give Canadians easier and cheaper access to foreign securities for their investment portfolios by removing obstacles to mutual recognition agreements that would allow free trade in securities, the banking association said.

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