



CANADIAN BANKERS ASSOCIATION

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June 22, 2007

The Honourable James M. Flaherty, P.C., M.P.  
Minister of Finance  
L'Esplanade Laurier, East Tower, 21st Floor  
140 O'Connor Street  
Ottawa, ON K1A 0G5

Dear Minister Flaherty:

I am writing on behalf of the banking industry in Canada to express our continuing support for your efforts to strengthen the competitiveness of the capital market in Canada, and to offer our assistance to the work of the expert panel which you announced on June 19<sup>th</sup>. As you know, the Canadian Bankers Association has been a vocal champion of a common securities regulator in Canada, and the benefits it would bring to Canadian entrepreneurs seeking to create jobs, investors seeking opportunities to build their financial future, and employees of companies that depend on our capital market for growth.

Beyond this domestic focus, we also strongly believe that a common securities regulator would put Canada in a much stronger position to respond more quickly and effectively to international developments in an increasingly global capital market. Speaking with one voice in international securities venues would also help build confidence among foreign regulators and investors about the strength and integrity of the capital market in Canada. We continue to be concerned that the existing fragmentation of our securities regulatory system works against these interests on the international stage. In this regard, it is useful to note the perspective of Mr. Rodrigo de Rato, Managing Director of the International Monetary Fund, who noted in a June 19<sup>th</sup> speech in Toronto that *"Canada is currently the only G-7 country without a common securities regulator, and Canada's investors deserve better. Establishment of a common securities regulator would be good policy, and it would be conducive to mutual recognition of securities regulation with other countries, including the United States."* We fully agree with these views.

With these points in mind, while we were disappointed that some of the provinces were not prepared to commit to a common regulator at the June 19<sup>th</sup> ministers' meeting, we were nevertheless encouraged that you announced some concrete steps with a clear deadline aimed at keeping the momentum moving forward on this important matter. Indeed, we welcome your intention to establish an expert panel to provide advice on how best to strengthen the regulatory system, and offer you our help in supporting the work of the panel over the coming months. As you know, the CBA has undertaken a great deal of research and analysis documenting the unnecessary costs that the current system imposes on small and medium sized businesses – research which we were very pleased to see referenced in your March 19<sup>th</sup> budget – and we would be most interested in contributing to the work of the expert panel as it formulates its recommendations for governments to consider.

We will be in contact with your office in the very near future to follow-up on this offer of assistance. In the meantime, we look forward to continuing our work with you to strengthen the competitiveness of Canada's capital market to create a Canadian advantage for the benefit of investors, businesses, and the economy as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Hughes Anthony". The signature is fluid and cursive, with the first name "Nancy" being the most prominent.