ONTARIO SECURITIES COMMISSION

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OSC PERSPECTIVES

Stakeholder Satisfaction Remains Strong

2006 Stakeholder Satisfaction Survey says the OSC is effective in fulfilling its mandate

The overall satisfaction with the performance of the Ontario Securities Commission among its key stakeholders continues to be strong, according to an extensive 2006 Stakeholder Satisfaction Survey. Overall, the OSC received an improved positive rating from the survey of registrants, reporting issuers, inquiries line users and general population investors. The survey also showed the OSC is performing well in its core competencies of enforcement and regulation.

The biennial survey is the fourth wave of research commissioned by the OSC. The survey was conducted by Ipsos Reid Public Affairs Canada between March 7 and April 14, 2006, and was comprised of polling four groups: registrants, reporting issuers, inquiries line users and general population investors. A total of 1,300 people were randomly interviewed by telephone: 400 registrants, 300 reporting issuers, 300 general population investors and 300 inquiries line users.

"This survey helps us evaluate our performance as a regulator by researching our key stakeholders," said OSC Chair David Wilson, adding that stakeholder feedback is critical in determining how well the OSC is meeting expectations.

Positive Ratings

Generally, the OSC received slightly increased positive ratings over the 2004 survey, especially among reporting issuers and registrants. Of the registrants, 64% had a positive overall opinion of the OSC, compared to 57% in 2004. The positive opinion among reporting issuers increased from 55% in 2004 to 60% in 2006. Overall, the OSC is perceived to be improving in its dealings with reporting issuers and registrants.

Meeting the Mandate

More than 83% of registrants and 86% of reporting issuers said the regulator is effective in fulfilling its mandate to provide protection to investors and to foster fair and efficient markets and confidence in their integrity. Approximately one third of both registrants (30%) and reporting issuers (28%) say the OSC is very effective in this regard. No more than four per cent in each group say the OSC is very ineffective in fulfilling its mandate. Strong majorities of inquiries line users (69%) and general population investors (69%) also said the OSC is effective in meeting its mandate.

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Chair Welcomes New Executive Director

OSC Chair David Wilson meets with Peggy Dowdall-Logie, the new Executive Director of the Commission. Ms. Dowdall-Logie was appointed Executive Director and Chief Administrative Officer effective June 26, 2006. As Executive Director, she will serve on the Executive Committee with Mr. Wilson and both OSC Vice-Chairs. Ms. Dowdall-Logie has extensive experience in regulatory matters, the financial services industry and the professional consulting sector. Ms. Dowdall-Logie succeeds Charlie Macfarlane, who retired on June 2, 2006.

OSC Calendar

Dialogue with the OSC 2006 will be held on Friday, November 10, at the Metro Toronto Convention Centre. This annual conference is a great opportunity to hear from senior OSC staff and industry participants about developments in securities regulation and major issues facing capital markets.

Stakeholder Satisfaction Remains Strong (continued)

About three quarters of both registrants and reporting issuers agreed that the OSC is flexible and accountable in fulfilling its mandate, while less than one in 10 in each group strongly disagreed. (See chart below)

Compared to previous Stakeholder Satisfaction Surveys, the OSC continues to receive solidly positive – and consistent – service ratings across all measured attributes. Two-thirds of registrants and reporting issuers rated the overall service they received from the OSC in the 7-10 range on a 0-10 scale. Only a very small proportion of registrants (6%) and reporting issuers (2%) gave a poor service rating.

Here are additional highlights of the survey:

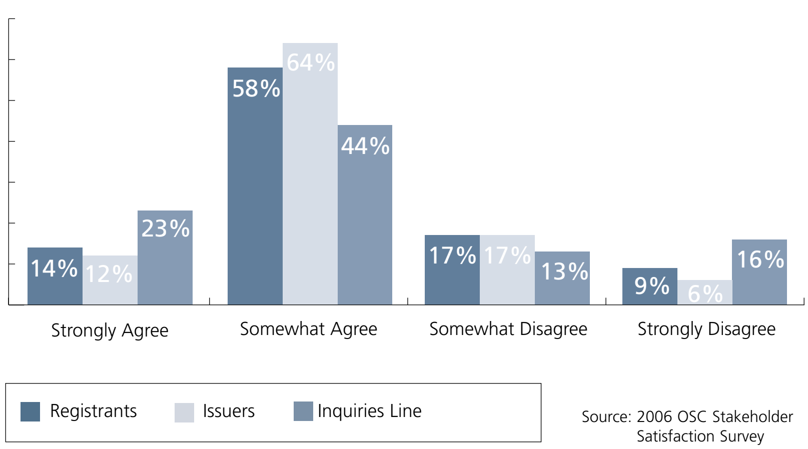
- 68% of registrants and 64% of reporting issuers strongly agreed that the OSC is a "strong" enforcer of the *Securities Act*;
- 56% of registrants and 54% of reporting issuers said the OSC's sanctions are a deterrent against violating the *Securities Act*;
- Reporting issuers and registrants said the primary investigation priority of the OSC should be fraud;
- 59% of both reporting issuers and registrants rated the OSC's performance in providing protection to investors as excellent;
- Among inquiries line users, 58% said the OSC's overall customer service was excellent, while 22% gave a neutral rating; and
- 73% of reporting issuers rated the OSC as excellent in regulating high quality continuous disclosure by reporting issuers.

"The survey results clearly show that the OSC continues to be assessed by its key constituencies as performing very well in delivering against its mandate," said Darrell Bricker, President, Ipsos Reid Public Affairs Canada, in Toronto.

www The 2006 OSC Stakeholder Satisfaction Survey is available on the Accountability page of the 'Governance and Accountability' section of www.osc.gov.on.ca.

Accountability

Would you agree or disagree that the OSC is flexible and accountable in fulfilling its mandate?



Source: 2006 OSC Stakeholder Satisfaction Survey

OSC Chair David Wilson addresses a luncheon of the Canadian Club in Montreal on May 29, 2006. Mr. Wilson and Jean St-Gelais, President of the Autorité des marchés financiers in Quebec, gave presentations on the topic of "Canadian Securities Regulation: Looking Forward to 2006-2007." The full text is available on www.osc.gov.on.ca.

"[Canadian securities regulators] expect to publish a rule this year to establish a minimum, consistent standard of governance for all publicly offered investment funds. It would put in place an Independent Review Committee for investment funds – providing increased protection for investors when their interests come into conflict with the interests of the fund managers. This is an example of how we are working together, beyond our own provinces, to shape policies that benefit the entire market."

OSC Chair David Wilson (left) with host Anne-Marie Hubert, president of the Canadian Club of Montreal and Jean St-Gelais, President of the Autorité des marchés financiers. More than 400 people attended the Canadian Club luncheon.

Strengthening International Relationships

Working with foreign regulators fosters harmonization

In recent months, the OSC's International Affairs Office (IAO) has been actively involved in building and strengthening relationships with foreign regulators, both in Toronto and abroad.

In April, Ilana Singer, Senior Advisor, IAO, presented a case study about Bre-X, in both English and Spanish, at the first annual Central American Securities Leadership Program in San Jose, Costa Rica. This event was primarily organized by the Toronto International Leadership Centre for Financial Sector Supervision.

Galina Chavez of the Securities Commission of Panama (left) with the OSC's Ilana Singer

The IAO also hosted visits from a number of international regulators. Vice-Chair Susan Wolburgh Jenah and other OSC staff hosted a series of meetings for audit-related task forces and working groups of the International Organization of Securities Commissions (IOSCO). Galina Chavez, Senior Official, Securities Commission of Panama, consulted the OSC about practices related to the regulation of investment funds. Sanjiv Jetly, General Manager of the Securities Commission of New Zealand, visited the OSC to learn more about internal governance practices, while Regional Commissioner Greg Tanzer of the Australian Securities and Investments Commission (ASIC) met with IAO and other OSC staff about investor education and enforcement practices. And a delegation of senior Chinese securities and banking regulators visited the OSC to discuss the regulation of financial products.

In June, OSC Chair David Wilson and Vice-Chair Paul Moore attended IOSCO's annual conference, held in Hong Kong, which attracted more than 600 delegates from around the world and included representatives from more than 100 countries. At the conference, the OSC was re-elected to the IOSCO Executive Committee, and Susan Wolburgh Jenah was elected Chair of the IOSCO Multilateral MOU Monitoring Group.

The OSC's involvement in IOSCO and other international organizations, such as the Council of Securities Regulators of the Americas (COSRA), ensures the maintenance of strong relationships with regulators worldwide.

Throughout the year, senior OSC representatives have participated on several key policy-making IOSCO committees. A number of significant reports have been published by these committees, including *Compliance Function at Market Intermediaries* and *International Disclosure Principles for Cross-Border Offerings and Listings of Debt Securities by Foreign Issuers*. The OSC chaired the COSRA Small- and Medium-Sized Enterprises Education Task Force, which is publishing a list of programs about accessing the capital markets geared towards small- and medium-sized businesses.

The OSC's participation in international organizations, and more specifically in international standard-setting activities, ensures that the interests of the OSC and of Ontario's capital markets are reflected in the creation of international standards and best practices. It is crucial for the OSC to have its voice heard while these standards are being developed. International standards are becoming more relevant in today's global marketplace.

WWW For further information about the International Affairs Office at the OSC, please contact Ilana Singer, Senior Advisor, International Affairs Office, at 416.593.2388 or isinger@osc.gov.on.ca.

OSC Chair addresses ICD Luncheon

OSC Chair David Wilson spoke at a luncheon of the Institute of Corporate Directors (ICD) in Toronto on June 20, 2006. Mr. Wilson participated in a panel discussion on corporate governance with Dominic D'Alessandro, President & CEO of Manulife Financial and David Beatty, Managing Director of the Canadian Coalition for Good Governance. More than 150 people attended the ICD luncheon.

Photography: Barry Roden

OSC Online

Stakeholder Satisfaction Surveys

Detailed results of the 2006 OSC Stakeholder Satisfaction Survey are available in the 'Accountability' page of the Accountability & Governance section of the OSC website (www.osc.gov.on.ca). Also available on that page are the findings of the previous OSC Stakeholder Satisfaction Surveys, published in 2000, 2002 and 2004.

2006-07 Statement of Priorities

The OSC's Statement of Priorities for Fiscal 2006-2007 is available in the 'Accountability' page of the Accountability & Governance section of the OSC website. The Statement of Priorities sets out the organization's business strategy and goals, as required under the *Securities Act*.

Speech by David Wilson to the Canadian Club of Montreal

The text of the speech David Wilson delivered to the Canadian Club of Montreal on May 29, 2006, is posted under 'Speeches' in the About the OSC section of our website.

What's New

See the OSC Staff Notice 11-758 Review of Limited Market Dealers posted in the What's New section of the OSC homepage (www.osc.gov.on.ca). This notice describes how the OSC conducted the review and provides a summary of the results.

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Ottawa Student Wins Financial IQ Test

OSC Vice-Chair Susan Wolburgh Jenah presents a prize cheque for $750 to Simon Morin of Ottawa, the Ontario winner of the Test Your Financial IQ contest of the Canadian Securities Administrators (CSA). The online contest, open to Canadians aged from 15 to 21, took place from March 1 to 31, 2006. Participants were encouraged to learn about financial matters, including budgeting, saving and investing. Almost 22,000 young people participated in the contest and there was one winner from each province and territory. Teachers could also take part in the contest, and many visited the contest website (www.tyfiq.ca) and took advantage of available investor education tools as part of their classroom discussions.

What ICPMs Need to Know

OSC Vice-Chair Paul Moore delivered the keynote address to the Compliance Readiness Strategies for Investment Counsel and Portfolio Managers conference at the Metro Toronto Convention Centre on May 16, 2006. Mr. Moore's presentation included remarks about registration reform for advisers, referral arrangements, hedge funds and principal protected notes.

Ontario

As the regulatory body responsible for overseeing the capital markets in Ontario, the Ontario Securities Commission administers and enforces the provincial *Securities Act*, the provincial *Commodity Futures Act* and administers certain provisions of the provincial *Business Corporations Act*. The OSC is a self-funded Crown Corporation accountable to the Ontario Legislature through the Minister responsible for securities regulation.