ONTARIO SECURITIES COMMISSION

Spring 2007 Volume **10** Issue **2**

OSC

PERSPECTIVES

Prominent lawyers appointed OSC Vice-Chairs

James Turner and Lawrence Ritchie join the Commission

The Commission's new Vice-Chairs, James E. A. Turner and Lawrence E. Ritchie, both bring extensive experience in securities law and a keen interest in policy development to the OSC, said Chair David Wilson while announcing their appointments as Vice-Chairs, both for five-year terms.

"Mr. Turner and Mr. Ritchie have outstanding reputations and excellent credentials," said Mr. Wilson. "We are very fortunate to have such prominent legal practitioners join the Commission."

James Turner

Mr. Turner joins the OSC from Torys LLP in Toronto where he was a senior partner. He brings more than 30 years of legal experience in securities, mergers and acquisitions and corporate governance to the position. From 1986 to 1987, Mr. Turner served as OSC General Counsel and advised on a broad range of securities law matters. Mr. Turner had direct responsibility for all take-over bid matters at the Commission.

Lawrence Ritchie

A former partner at Osler, Hoskin & Harcourt in Toronto, Mr. Ritchie was a litigator for over 20 years, specializing in general corporate, securities and commercial litigation. As a litigator, he acted in numerous regulatory enforcement matters and securities-related proceedings. In 1993, Mr. Ritchie was seconded to the OSC Enforcement Branch as enforcement counsel.

As Vice-Chairs, Mr. Turner and Mr. Ritchie are also members of the OSC Executive Committee, along with Mr. Wilson and Executive Director Peggy Dowdall-Logie. They will participate in setting the Commission's priorities, sponsor various policy initiatives and oversee Commission operations.

David Wilson to address Economic Club

OSC Chair David Wilson will speak to the Economic Club of Toronto on Thursday, April 26. Mr. Wilson will share his views on effective enforcement and strong investor protection, along with other issues facing the OSC. The luncheon event will be held at the National Club, 303 Bay Street in Toronto. To register, visit http://www.ecot.ca/register/index.asp.

OSC Chair David Wilson (right) spoke on a panel comprised of securities regulators, including Canadian Securities Administrators Chair Jean St-Gelais, at the 2007 Securities Superconference on February 22 in Toronto. Mr. Wilson delivered the keynote speech earlier that morning. For more about the speech, see page 3.

OSC Calendar

May 14

OSC Chair David Wilson to speak at the International Council of Securities Associations conference in Toronto.

October 24

The second Investor Town Hall is scheduled from 6:30 p.m. to 8:30 p.m. at the Metro Toronto Convention Centre.

November 27

2007 Dialogue with the OSC will take place at the Metro Toronto Convention Centre.

Investment funds dialogue

OSC Investment Funds Director Susan Silma (left) shares views on a panel with Larry Waite, head of the Mutual Fund Dealers Association of Canada, about hot button issues affecting mutual funds, hedge funds and other investment funds at the Securities Superconference on February 23 in Toronto.

Ms. Silma discussed National Instrument 81-107 *Independent Review Committee for Investment Funds* that came into effect November 2006 to improve governance of all publicly-offered investment funds.

Assisting other regulators

Ilana Singer, OSC Senior Advisor of International Affairs, was a presenter at the first annual Asian regional securities program, co-hosted and organized by the Toronto International Leadership Centre for Financial Sector Supervision and the Monetary Authority of Singapore, from January 15-19.

Ms. Singer helped senior representatives from regional securities commissions work on specific plans for domestic change in their jurisdictions.

Justice Ministers review capital markets enforcement

Initiative a top priority for OSC Chair

OSC Chair David Wilson has been named co-Chair of a working group that will make recommendations to Canada's justice ministers on improving the enforcement regime for the capital markets. His fellow co-Chair is Louis Dionne, Director of Criminal and Penal Prosecutions for the Quebec Department of Justice.

The federal, provincial and territorial ministers responsible for justice agreed in October 2006 to establish a working group involving representatives from police, securities regulators, Crown prosecutors and criminal law policy officials. The Working Group on Securities Fraud Enforcement is reviewing ways to improve enforcement initiatives against securities fraud and other commercial crime in Canada.

"This is certainly one of my top priorities as OSC Chair to contribute to the success of this initiative," said Mr. Wilson.

The working group intends to present a final report to the ministers responsible for justice in the fall of 2007.

Securities regulators discuss enforcement

OSC Chair says regulators must change enforcement perceptions

"Regulators must try to improve a public perception that misconduct is not being addressed," said OSC Chair David Wilson at the Canadian Securities Law Update conference in Toronto on January 30. "In order to achieve this, we need to make the system more cooperative."

Mr. Wilson spoke as part of a panel with Bill Rice, Chair of the Alberta Securities Commission, and Doug Hyndman, Chair of the British Columbia Securities Commission. They discussed progress made on enforcement efforts in Canada and the work still to be done. Each Chair agreed improvements must be made to change this perception of enforcement in Canada.

"The enforcement landscape is a mosaic of many players – regulators, RCMP, OPP, Attorneys-General," said Mr. Wilson. "The key is for an information and expertise transfer in order for the mosaic to work."

Mr. Wilson also described new developments to improve enforcement efforts, such as the recent creation of the federal-provincial Justice Ministers working group, comprised of police, securities regulators and prosecutors. Mr. Wilson is a co-Chair of the working group, which just started its review of securities fraud and other issues. (See story above for more details.)

Fostering confidence in the capital markets

Confidence depends on active participation from Street, says OSC Chair

David Wilson spoke at the 2007 Securities Superconference

Market confidence must always be an urgent priority on any regulatory agenda and is a prime focus for the OSC, said Chair David Wilson in his keynote speech at the 2007 Securities Superconference in Toronto in February. "What we can do – and must do – is give investors solid reason to be confident in the integrity of our markets."

The Street has an important role to play and shares a common interest in fostering confidence in the capital markets, said Mr. Wilson. "Our shared objective is to instill in investors the confidence that the capital markets are fair, efficient and internationally competitive."

Market confidence requires the support of effective compliance, enforcement and cooperation. "Confidence depends on a robust compliance and enforcement regime, and a commitment to look out for the interests of investors," Mr. Wilson said. He also said it depends on active participation from The Street.

"We share a huge interest in fostering respected capital markets that inspire public confidence and contribute to a robust economy. And we all have a critical role to play."

CSA proposes harmonized registration regime

The Canadian Securities Administrators (CSA) recently proposed a national framework to harmonize and modernize registration requirements across the 13 CSA jurisdictions.

Proposed National Instrument 31-103 *Registration Requirements*, a key phase in the CSA's Registration Reform Project, will streamline and modernize the various acts, regulations, rules, notices and practices that exist in the current registration regime. The Rule aims to improve regulatory efficiencies and investor protection while reducing the burden and cost of regulation for market participants and regulators. The Rule will also bring Canadian registration requirements in line with international standards and best practices. In Ontario, the Rule would amend or revoke more than 20 OSC rules, regulations and notices.

The CSA is seeking public comment on the proposal until June 20, 2007. To ensure the public possess an adequate understanding of the rule and have the opportunity to comment and discuss issues, the CSA is planning a road show in early May to meet with stakeholders across the country.

The proposed Rule and accompanying documents are available on the OSC website. For more information about the Registration Reform Project, please visit www.rrp-info.ca.

Investor Town Hall scheduled for Fall

The 2007 Investor Town Hall will take place on October 24, 2007, from 6:30 p.m. to 8:30 p.m., at the Metro Toronto Convention Centre.

The event, produced jointly by the OSC, Investment Dealers Association of Canada (IDA), Mutual Fund Dealers Association of Canada (MFDA), and Ombudsman for Banking Services and Investments (OBSI), will provide investors with information on areas of interest to them, as well as the opportunity to provide input. The meeting will combine a progress report on the work accomplished since the May 2005 Investor Town Hall with educational breakout sessions, followed by an open question-and-answer session. Check the OSC website in the next couple of months for more details.

Photo: More than 400 investors attended the first Investor Town Hall on May 31, 2005.

OSC Online

Executive compensation disclosure

On March 29, 2007, the CSA issued proposed Form 51-102F6 *Statement of Executive Compensation* with the intention to improve the disclosure of information regarding executive compensation by all reporting issuers.

The proposed Form will define a firm's compensation policies and objectives by outlining total compensation for each named executive officer and director, and in addition will enhance disclosure of key aspects of executive compensation such as salary, bonus and stock and option awards; payments upon termination or change in control; and pension entitlements.

The comment period is open until June 30, 2007. The proposed Form, Notice and Request for Comments, and related documents are available in "Rules, Policies & Notices" under category 5.

Notice on internal controls timing

The CSA is seeking comments on revised National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and related Companion Policy and Forms. The proposed revisions set out certification requirements for all reporting issuers other than investment funds. The comment period is open until June 28, 2007. The proposed Rule and related documents are available in "Rules, Policies & Notices" under category 5.

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OSC outlines reform position

The OSC recently expressed its support for a common securities regulator in OSC Notice 11-904, as other members of the Canadian Securities Administrators (CSA) unveiled their proposals for implementing the second phase of the passport system.

OSC Notice 11-904 was issued on March 28 to outline the OSC's reasons for not taking part in the second phase of the passport system of securities regulation. The Notice addresses proposed National Instrument 11-102 *Passport System*, issued by the passport members of the CSA.

National Instrument 11-102 *Passport System* was published for comment on March 28. Although the proposed Rule is characterized as a national instrument, the OSC will not be adopting the rule.

The Ontario Government has indicated that it is not prepared to participate in the passport system without a roadmap, with reasonable timelines, to get to a common securities regulator. The OSC supports the establishment of a common regulator that would interpret, apply and enforce securities laws consistently for all market participants in Canada.

The OSC will continue to work with the CSA to deliver regulatory efficiencies for all market participants.

Seeking comments

The following national rules, policies and amendments are currently out for comment:

- NI 31-103 *Registration Requirements*;
- NI 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* – Repeal and Replacement; and
- Amendments to NI 51-102 *Continuous Disclosure Obligations*, and repeal and replacement of Form 51-102F6 *Statement of Executive Compensation*.