ONTARIO SECURITIES COMMISSION

Summer 2008 Volume **11** Issue **3**

OSC PERSPECTIVES

CSA and SEC in discussions on Mutual Recognition process agreement

Regulators examine closer coordination in North America

Members of the Canadian Securities Administrators (CSA) have begun consultations with staff of the U.S. Securities and Exchange Commission (SEC) to draft a process agreement that would open the way for discussions of a potential U.S.-Canada Mutual Recognition arrangement.

Under a Mutual Recognition system, Canadian securities exchanges and certain Canadian financial intermediaries would have greater freedom to operate in the U.S. under Canadian regulatory oversight. In turn, U.S. securities markets and certain U.S. financial intermediaries could gain greater freedom to operate in Canada under SEC oversight. In this manner, dual regulation, redundancy and regulatory overlap could be eliminated.

In March of 2008, the SEC announced that it would explore the possibility of a limited Mutual Recognition arrangement with one or more foreign regulatory counterparts. The SEC said those arrangements could provide the basis for the development of a more general approach to Mutual Recognition through rulemaking.

In addition to the work underway with Canada, the SEC has announced that it is in discussions concerning a possible Mutual Recognition arrangement with Australia. In addition, the SEC is pursuing a process agreement with members of the European Union.

OSC Vice-Chair Lawrence Ritchie (left) gave a presentation on capital markets fraud enforcement at the annual conference of the Canadian Investor Relations Institute on June 16 in Mont Tremblant, Quebec. Mr. Ritchie participated in a panel discussion about white-collar crime which also included panelists Tom Newkirk (middle), a Partner with Jenner & Block LLP in Washington, D.C., and former RCMP Commissioner Norman Inkster, currently President of Inkster Incorporated.

IT'S TIME to transfer to the new online *Perspectives*!

The OSC's *Perspectives* newsletter will soon be available in an online format. We will make the transition to an online format for 2009.

Please transfer your *Perspectives* subscription to the online version by filling out the brief subscriber information form available at **www.osc.gov.on.ca/perspectives**. Look for the "Perspectives Online" button to access the subscriber form. New subscriptions are also available through the online form.

The transition to a Web-based newsletter will allow the OSC to deliver more timely news and updates about regulatory and enforcement activities to market participants and other interested parties.

OSC Calendar

September 19

OSC Chair David Wilson will take part in a panel discussion by North American securities regulators at the 2008 conference of the Institute of Corporate Directors in Montreal.

September 23

OSC Vice-Chair Lawrence Ritchie will participate in a panel of Canadian securities regulators at the annual conference of the Investment Funds Institute of Canada in Toronto.

OSC welcomes new Commissioners

Mary Condon and Paulette Kennedy

OSC Chair David Wilson recently announced the appointments of Mary Condon and Paulette Kennedy to the Commission, each for a two-year term.

Mary Condon is a Professor of Law at York University's Osgoode Hall Law School in Toronto. An expert in Canadian securities regulation, Ms. Condon is a former member of the OSC's Enforcement and Continuous Disclosure Advisory Committees.

A Chartered Accountant, Paulette Kennedy has held a number of senior positions in the private sector. She served most recently as Chief Financial Officer of AEGON Canada Inc., where she was responsible for the implementation of SOX compliance.

"I welcome the addition of Ms. Condon and Ms. Kennedy as Commissioners and Board members," says Mr. Wilson. "Both individuals bring extensive industry background and in-depth knowledge of securities regulation to the OSC."

Ms. Condon and Ms. Kennedy replace Robert Shirriff and Harold Hands, whose terms of office expired in March and April of 2008, respectively.

PERSPECTIVES is published by the Communications & Public Affairs Branch of the Ontario Securities Commission. The OSC is transitioning this newsletter to an online format in 2008. For a free subscription to the online Perspectives or to transfer your print subscription, please fill out the subscriber information form available in the "Perspectives Newsletter" section of www.osc.gov.on.ca.

IOSCO addresses subprime issues facing securities regulators

OSC Vice-Chair James Turner

Committees of the International Organization of Securities Commissions (IOSCO) have begun working on the recommendations described in the IOSCO Technical Committee's Task Force on the Subprime Crisis.

The report looks at the implications of the subprime crisis for international capital markets and makes recommendations that address the issues facing securities regulators. It contains a comprehensive analysis of the problems encountered in the areas of issuer transparency and investor due diligence, firm risk management and prudential supervision, and also valuation and accounting issues. Vice-Chair James Turner represented the OSC on the Task Force.

A number of Standing Committees of the Technical Committee are working on the various recommendations. For example, the Standing Committee on Multinational Disclosure and Accounting will consult with market participants regarding the typical structures and disclosure practices for private placements of asset-backed securities to determine the degree to which these practices are as developed as those for publicly traded asset-backed securities.

Regulatory perspectives

"After a decade of fabulous development in emerging markets, never ending modernisation, reorganisation of market infrastructures and product innovation, rapid growth of cross-border activities and flow of capital, regulators now need to cope with this new reality and to speed up their process of standardisation, mutual recognition and operational co-operation."

Michel Prada, Chairman of France's Autorité des marchés financiers, in the final communiqué from the annual conference of the International Organization of Securities Commissions in Paris on May 29, 2008.

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 of Finance.