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accrédités

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August 14, 2003

Michael Phelps

*Chair*

Wise Persons Committee to review the structure of securities regulation in Canada

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Vancouver, B.C. V7Y 1B3

Dear Mr. Phelps:

The Certified General Accountants Association of Canada is pleased to provide our comments regarding the work you are undertaking on behalf of the Minister of Finance of Canada to make recommendations on the structure of securities regulation in Canada. While we realize that the deadline for comment has passed, in making our submission we wanted to consider the views of the Board of Directors which discussed the issue of securities regulation at their July 5<sup>th</sup> meeting.

Representing 58,000 Certified General Accountants and students in every jurisdiction, the national association and its provincial affiliates are clearly interested in initiatives currently underway to address the long-standing debate on the structure of securities regulation in Canada. Notwithstanding the outcome of these processes – whether they be conducted by the Canadian Securities Commission as part of their Uniform Securities Legislation Project or as part of provincial Ministers initiative to identify improvements to the current system – the outcome should modify the manner in which securities are regulated across Canada. CGA-Canada and its affiliated organizations across provinces and territories have participated in these discussions.

We sincerely welcome the creation of the Wise Persons Committee. A strong majority agrees that the status quo is no longer tenable.

An effective and competitive securities market is essential if Canada wishes to compete on the global stage. An efficient securities market is necessary for Canadian business.

CGA-Canada shares government and regulators concern that investor confidence in capital markets has been eroded. Sound regulation, accountable institutions and transparent processes can contribute to the restoring investor confidence.

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CGA-Canada supports greater securities harmonization, because it will reduce the current regulatory burden. Moreover, the public interest is well-served by moving toward a common standard that enhances the comparability and transparency of rules and information. Canada can no longer afford to remain one of the few industrialized countries with multiple jurisdictions and rules governing securities regulation, thus making the exchange of information complex and adding to the cost of capital.

Finally, of specific interest to Certified General Accountants is the pressing issue of financial reporting standards and the process by which those standards are set. The examination of these issues must be done in parallel with discussions surrounding the creation of a national securities market. Canada must proceed rapidly to reform the accounting standard setting structure to ensure that it meets the test of independence and accountability. Financial reporting standards are relevant to your deliberations because of the significant public policy implications for an economy through the standards' ability to influence that economy. Moreover, a reformed standard setting structure must rapidly address Canada's approach to a uniform set of global accounting standards. The recent report of the Standing Senate Committee on Banking, Trade and Commerce entitled "Navigating through the Perfect Storm: Safeguards to Restore Investor Confidence" recommended that these two issues be addressed.

CGA-Canada believes that the principles of investor protection, efficient and cost-effective regulation and transparency of rules are the underpinnings of a well-functioning securities regime. Governments must proceed expeditiously in bringing forward changes that will result in a national securities market.

We sincerely hope that on receipt of your report, the Minister of Finance for Canada convene a meeting of provincial and territorial Ministers responsible for securities regulation to forge a way forward.

We look forward to the outcome of your deliberations.

Sincerely,

Anthony Ariganello, CGA  
President and Chief Operating Officer