Remarks to the Toronto CFA Society

Panel Discussion: "Does Canada Need a Single Securities Regulator?"

David Wilson

Chair, Ontario Securities Commission

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Good afternoon.

I'm pleased to be here to discuss the report of the Expert Panel on Securities Regulation – the Hockin Report.

I look forward to our discussion.

But before that, let me make some observations.

The first is to reinforce what many of you already know.

Personally – after almost 40 years working in Canada's capital markets – I believe this country needs a single national securities regulator.

And it needs it now.

In fact, it's long overdue.

Not surprisingly, my personal viewpoint is completely aligned with the position of my minister, Dwight Duncan.

The Ontario government has supported a common securities regulator for Canada for quite some time. That position has been reinforced by at least nine different expert reports and proposals on this very subject since 1964.

These include:

- The Royal Commission on Banking and Finance − the Porter Report − in 1964

- The 1967 CANSEC proposal

- The 1979 Proposals for Securities Market Law for Canada
- In 1994, a proposed federal-provincial Memorandum of Understanding to create a Canadian securities regulator
- In 1996, that same MOU proposal was revived
- The "Wise Persons'" Committee report in 2003
- The Crawford Panel on a Single Securities Regulator in 2006
- The International Monetary Fund Assessment of Canada's Financial System in 2008
- And now, in 2009, the Hockin Report.

So, our topic today is simply the latest in a long series of studies and recommendations by third-party experts over a span of 45 years – all of which reached the same conclusion: Canada should have a single securities regulator to ensure that we have competitive markets and to improve investor protection across the entire country.

How many times do we need to be told?

The logic is unassailable: modern capital markets aren't provincial in scope – they're national and international.

It simply doesn't make sense to regulate them at the provincial level.

While Canada has been studying, discussing, considering, analyzing, reviewing and talking for decades, the rest of the world has passed us by.

They've acted while we searched for the political will to do what the experts have said should be done.

Around the world, the trend has been towards recognizing the need for consistency, efficiency and accountability in the oversight of national financial markets.

For example, IOSCO – the International Organization of Securities Commissions – has 109 members: Canada is the only jurisdiction not represented by a national financial regulator.

Canada stands alone in being unable or unwilling to take the next logical step to modernize our securities regulatory structure.

We have moved towards more co-operation within this country with the creation of the Canadian Securities Administrators.

However the CSA is an association based on consensus decision-making and voluntary implementation by its member commissions.

By its nature, the CSA cannot move quickly enough to regulate one of the most dynamic and innovative industries in the world.

And the CSA has no cohesive accountability structure – each of its 13 members is solely accountable to its respective provincial or territorial government.

Without accountability, organizations struggle to be effective.

Frankly, anything short of a true national regulator will simply be the CSA in another guise.

The new national regulator must be structured to be effective.

Too many compromises – too much water in the wine – will end up defeating the purpose of the exercise.

There are those who want to move cautiously – to tinker with the existing structure.

They say too much change too soon is risky.

But the fact is that progress comes only from having the courage to take on the challenge of change.

Global capital markets are in crisis mode.

Regulatory structures in many countries are being overhauled.

The appropriate response is boldness.

Not recklessness, but boldness.

There are those who say our political system – our federalism and the division of powers between Ottawa and the provinces – is too big an impediment to overcome.

But with the necessary political will, it can be done.

Australia modernized its regulatory structure about 10 years ago.

Its constitutional and political heritage is similar to Canada's.

It too is a federation of jurisdictions – states there; provinces here.

Australia's governments recognized the need for change and negotiated a single national regulator in 1998.

So can we.

Our governments have to settle a number of issues – particularly jurisdictional issues – that may be contentious.

These are essentially political questions and it would be inappropriate for me to comment on them today.

As today's discussion will make clear, the other commissions and the OSC bring different perspectives to the proposals contained in the Hockin report.

However, I believe that we all share a common goal – to make securities regulation in our country as effective as it can be.

Within our commissions we have the experience and expertise that will be essential for the creation of a federal national regulator.

We know what works, and what other countries have done.

Today we have provincial governments that are in favour of a single regulator.

We have a federal government that's committed to driving towards that goal.

And we now have the Hockin Report, which can certainly serve as the basis of negotiations to get us there.

Ladies and gentlemen, it's time to stop talking about whether we need a single securities regulator in Canada.

Even by Canadian standards, that discussion has gone on long enough.

It's time to start talking about how – specifically – we get to a new regulatory structure.

The recommendations of the Hockin report are not perfect.

But I believe the Hockin Report gives us the momentum to get us where we need to go – the creation of a Canadian Securities Commission that can meet the needs of the Canadian capital markets within the global marketplace.

We ignore the Hockin recommendations at our peril.

Canada and the participants in its capital markets simply cannot afford to continue to study and talk and delay.

That would be irresponsible.

It's time to act.

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