

Speaking Notes
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Economic Society of Calgary
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1. Summary Position
 - a) current structure and system work
 - b) arguments made in support of federal proposal are not based in fact
 - c) proposal not in best interests of Alberta market participants

2. Current structure and system work
 - a) has evolved under provincial jurisdiction for over 90 years
 - b) has kept pace with international standards, particularly U.S.
 - c) many changes over past 3 decades

- d) now have a national system of securities regulation
- e) system recognizes and accommodates regional interests and differences

3. Arguments not based in fact
 - a) international reputation is of a superior securities regulatory system
 - b) only Canada has MJDS with U.S.
 - c) CSA and its Chair can speak for Canadian regulators internationally, but feds never ask

- d) enforcement best done locally; does not lack resources or expertise
- e) enforcement issues lie at criminal level
- f) systemic risk principally an issue for federal Finance and Bank of Canada
- g) CSA has done full analysis of and continues to monitor systemic risk in capital markets

- h) federal securities regulator will not prevent next asset bubble
- i) cost of capital competitive with U.S.; half of cost of Australia
- j) Canada has most effective junior public capital market in world

- k) policy by consensus is hard but has been effective
- l) Canada must wait on international markets, particularly U.S.
- m) Passport system provides for one stop shopping – do not deal with 13 laws or regulators

4. Not in best interests of Alberta

a) resident market capitalization:

- Ontario: 40%
- Alberta: 25%
- B.C.: 12%
- Quebec: 10%
- Others: 13%

- b) loss of access to decision makers
- c) loss of local enforcement
- d) loss of leverage in policy debates
- e) veto by federal Finance Minister
- f) loss of ability to innovate and experiment

- g) loss of administrative efficiencies; growth of bureaucracy
- h) threat to staffing

5. Court Challenges

- a) Alberta Court of Appeal 5-0
- b) Quebec Court of Appeal 4-1
- c) Supreme Court of Canada:
 - Canada and Ontario “for”

Federal Securities Regulator

- B.C., Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick “against”
- heard in April; hope for 2011 judgment

6. Current State
 - a) uneasy peace
 - b) resource dilution
 - c) distraction
 - d) lack of incentive
 - e) unpredictability

7. Going Forward

- a) hope for early judgment
- b) need to re-build relationships

8. Closing Observations

- a) Canada has unique achievement
- b) history is being ignored
- c) improvements can all be made within existing structure

- d) public needs to understand differences between regulatory and criminal enforcement
- e) Alberta cannot be treated as junior or isolated player