



News Release

Securities reform - Council of Ministers announces progress on passport system

May 27, 2005

Stakeholders and members of the public are invited to comment on the first phase of the passport system for securities regulation that will make it easier for businesses to access capital markets in more than one province or territory.

A proposed new Multilateral Instrument and amendments to streamline existing mutual reliance processes are targeted for implementation in late August 2005. These changes, in addition to the recent implementation of the National Registration System, are intended to give issuers and registrants access to capital markets in participating Canadian jurisdictions by allowing them to deal only with the regulator in their principal jurisdiction and by exempting them from certain legal requirements in other provinces/territories.

“We are making real progress in our efforts to improve the Canadian securities regulatory system,” said Shirley McClellan, Deputy Premier and Minister of Finance for Alberta, and Chair of the Council of Ministers of Securities Regulation. “Our work will continue as we further harmonize and streamline the securities requirements for market participants and investors.”

The proposed Multilateral Instrument and amendments form the first step in implementing a passport system committed to under the *Provincial/Territorial Memorandum of Understanding Regarding Securities Regulation*. The Council of Ministers is committed to further strengthening the passport system once the necessary legislation has been adopted by all participating jurisdictions.

The proposed Multilateral Instrument and amendments are open for public comment for a 60-day period from May 27 to July 27. See backgrounder for details.

The Council of Ministers of Securities Regulation includes Ministers from Quebec, Nova Scotia, New Brunswick, Manitoba, British Columbia, Prince Edward Island, Saskatchewan, Alberta, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut.

The Council of Ministers' goal is to develop a provincial/territorial framework that inspires investor confidence and supports competitiveness, innovation and growth through efficient, streamlined and cost-effective securities regulation that is simple to use for investors and other market participants. The Council oversees implementation of the commitments in the MOU and explores options for further reform. Ministers are committed to working together on an ongoing basis to ensure that the highest standards of investor protection are effectively and consistently applied.

Additional information is available at www.securitiescanada.org/ or www.valeursmobilières.org/.

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Contact information:

Gerald Kastendieck
A/Assistant Director of Communications
Alberta Finance
(780) 427-5364

Gary Crowe
Director of Legal Registries
Nunavut
(867) 975-6586

Colin Lemoine
Cabinet Communications
Manitoba
(204) 945-1494

Gary Toft
Communications, Department of Justice
and Office of the Attorney General
New Brunswick
(506) 453-6543

Andrew Dinsmore
Communications and
Public Education Branch
Saskatchewan Justice
(306) 787-8606

Michel Rochette
Attaché de presse
Cabinet du ministre des Finances
Quebec
(418) 643-5270 or (514) 873-5363

Dale Kozmen
A/Director, Consumer
and Safety Services
Department of Community Services
Yukon
(867) 667-8290

Penny McCormick
Communications Advisor
Environment and Labour
Nova Scotia
(902) 424-7420

Gary MacDougall
Director of Land Registries
Department of Justice
Northwest Territories
(867) 873-7490



Backgrounder

May 27, 2005

A Provincial-Territorial Memorandum of Understanding Regarding Securities Regulation (MOU) provides for meaningful and timely improvements to the current system, including:

- A “passport system” for securities regulation, resulting in a single window of access to capital markets in participating provinces and territories;
- Highly harmonized, streamlined and simplified securities laws to be implemented by the end of 2006;
- A Council of Ministers to facilitate change and ongoing cooperation;
- A review of regulatory fees charged in the context of the passport system; and
- A commitment to explore options for further reform.

Since late 2004, a Securities Taskforce, made up of government and regulator representatives from participating jurisdictions, has worked with the Canadian Securities Administrators (CSA) to develop the proposed Multilateral Instrument 11-101 *Principal Regulator System*. This is intended to give companies access to capital markets in participating Canadian jurisdictions by allowing them to deal only with the regulator in their principal jurisdiction and by exempting them from certain legal requirements in other provinces/territories. The instrument also proposes to make it easier for registered investment dealers, unrestricted advisers and their representatives to continue dealing with a client that moves to a different jurisdiction, and relatives of that client.

In addition, the CSA recently implemented the National Registration System and is proposing amendments to its Mutual Reliance Review Systems (MRRS) for reviewing prospectuses and registration materials to streamline processes and accelerate review periods. These systems co-ordinate decision-making among securities regulators for many types of filings with the CSA. The Ontario Securities Commission is participating in the proposed amendments to MRRS and will continue to act as a principal regulator under these systems but is not participating in proposed MI 11-101.

Proposed MI 11-101 and the proposed amendments to other instruments are open for public comment for 60 days. To view the documents or to find out how to comment, please visit one of the following websites:

www.bcsc.bc.ca

www.albertasecurities.com

www.sfsc.gov.sk.ca

www.msc.gov.mb.ca

www.lautorite.qc.ca

www.nbsc-cvmnb.ca

www.gov.ns.ca/nssc/

Comments are requested by July 27, 2005. The target for implementing the proposed instrument and proposed amendments is late August 2005.

The Securities Taskforce will be focusing on the commitment to implement highly harmonized securities laws, simplified where appropriate, in coming months. In addition, a review of regulatory fees will be undertaken in the context of the passport system.