

CONCEPT PROPOSAL FOR A NATIONAL SECURITIES ADMINISTRATION IN CANADA

- The members of the Canadian Securities Administrators (“CSA”) will agree to harmonise the provisions of their respective Securities Acts not later than []
- The CSA will establish a Centralized Administration (“CA”) for a period of 10 years commencing []
- The CA will be a corporate entity of which each CSA member is a voting member with full and equal privileges
- Each member of the CSA will delegate to the CA its prerogatives and authority to administer the securities legislation of its Province or Territory
- The CA will
 - ◆ Administer all provincial and territorial Securities Acts
 - ◆ Provide all services in English and French at the option of users wherever located
 - ◆ Report annually to the CSA and to each provincial and territorial Securities Commission as to its activities in each Province and Territory and in the aggregate, i.e. nationally
 - ◆ Provide a copy of its annual report to all members of the CSA and to the Government of Canada
 - ◆ Act as the representative of the CSA [**and the Government of Canada**] in all dealings with authorities or private parties both inside and outside Canada in relation to the regulation of capital markets and the issuance and trading of securities
 - ◆ Hear and determine all matters that would prior to the establishment of the CA have been heard and determined by members of the various provincial and territorial Securities Commissions

- The CA will be
 - ◆ Located in offices in [**Toronto or Montreal**]
 - ◆ Staffed by permanent employees recruited as far as possible from the existing administrative staff of the members of the CSA including employees working on a remote basis in each Province and Territory, i.e. staff not located in Toronto or Montreal
 - ◆ Funded by each of the members of the CSA *pro rata* according to their respective aggregate costs for securities administration in the 5 years preceding the establishment of the CA
 - ◆ Funded additionally by the Government of Canada in the amount of \$ [] *per annum*.

- Subject to the requirement for harmonisation of legislation and delegation of administrative functions to the CA, all Provinces and Territories will retain all their existing prerogatives with respect to the regulation of capital markets and the issuance and trading of securities

- [**Notwithstanding the delegation of administrative functions to the CA, any Province or Territory shall be entitled on notice to the other members of the CSA [and to the Government of Canada] to recall for determination by the Securities Commission of that Province or Territory any matter where, in the opinion of such Securities Commission, such recall is in the best interest of that Province or Territory**]

- All existing Securities Commissions will continue and will fulfill all existing functions except those delegated to the CA

- The CA will be disbanded and its functions devolved to the individual members of the CSA on [] unless the CSA resolves unanimously not later than the 8th anniversary of the establishment of the CA to continue the CA for another 10 year term

2 July 2008