



Canadian CFA Institute Members Call for Securities Regulation Reform

Current Enforcement Practices Receive Low Grades

TORONTO, October 20, 2009 – The Canadian Advocacy Council for Canadian CFA Institute Societies (CAC) today released results of the 2009 *Canadian Regulatory Structure Survey Report*, in which 92 percent of Canadian CFA Institute members agree that the current securities regulatory system needs to be reformed. Further, most respondents think securities regulation should be a combination of principles and rules-based.

In response to recent initiatives on the part of the federal government to establish a single national securities regulator, the CAC thought it was important that Canadian CFA Institute members provide input on the new structure. In June 2009, CAC surveyed 11,507 Canadian CFA Institute members – the majority of whom hold the CFA designation – on this and other issues relating to the state of capital markets.

CFA charterholders (there are 11,241 in Canada) have completed a graduate-level, self-study curriculum and examination program for investment professionals and have more than four years of work experience. Earning the CFA credential tells clients, employers and colleagues worldwide that the charterholder has mastered a rigorous curriculum covering a range of investment topics and is committed to the highest ethical standards in the profession.

The Need for Regulatory Reform

In addition to the respondents who felt reform was needed, those who have been working in capital markets for more than 20 years – 71 percent – most strongly feel the system needs to be reformed.

Seventy-five (75) percent of respondents support a single national regulator, of which 62 percent favour a federal system and 13 percent favour a single inter-provincial regulator jointly overseen by provincial authorities.

Ross Hallett, CFA, Chair of the Canadian Advocacy Council said, “The goal of market regulation should be to enhance market credibility and ensure a level playing field for all market participants. By extension, a strong regulatory system goes a long way to maintaining investor confidence.”

Principle vs. Rule-Based System

When asked whether securities regulation in Canada should be principles-based, rules-based or combination of both, 73 percent of respondents said it should be a combination of principles and rules-based.

“Clearly, Canadian CFA Institute members feel a principles-based model – which is what the federal government has proposed – isn’t sufficient,” Hallett says.

Enforcement and Competitiveness

Canadian CFA Institute members also have strong views on the current state of enforcement. When asked to rate the fairness, consistency and strength of enforcement in Canada, 51 percent say it is either very poor or poor. Those with the most experience in the industry – more than 20 years – give a very poor rating to the fairness, consistency and strength of enforcement.

“This indictment of the state of enforcement is impacting Canadian CFA Institute members’ views on the perceived international competitiveness of Canada markets,” said Hallett. “This is evidenced by the fact that 70 percent of survey respondents do not believe in the ability of Canadian capital markets to effectively compete internationally.”

According to Janine Guenther, CFA, Presidents' Council Representative for the Canadian CFA Institute member societies, this is significant because 35 percent of respondents have work experience in international capital markets, including the United States, United Kingdom, and Hong Kong.

The CAC is providing government officials and regulators with the results of this survey.

About the Survey

The Canadian Advocacy Council for Canadian CFA Institute Societies is the pan-Canadian body representing the interests of Canadian CFA Institute societies with regards to advocating the CFA Institute *Code of Ethics and Standards of Professional Conduct* to Canada’s securities regulators, standard setters, self-regulatory organizations, industry groups and legislators. The CAC is an independent organization, comprised of 12 member societies across Canada who engage in a variety of activities in Canada’s capital markets. The CAC represents approximately 12,000 Canadian CFA Institute members who are the primary participants in Canada’s capital markets.

The survey received 1,335 responses, a response rate of 11.7 percent. The confidence level is ± 2.5 percent at the 95 percent confidence level.

Visit <http://www.cfaadvocacy.ca> for a full copy of the report. Visit www.cfainstitute.org/society/societies.html for a directory of CFA Institute member societies.

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