

## **NEW BRUNSWICK CAN SCARCELY AFFORD ANY WEAKENING OF ITS SUCCESSFUL REGULATORY SYSTEM**

At its annual general meeting in Ottawa last week, members of the Canadian Chamber of Commerce voted on a resolution to support the creation of a national securities regulator as proposed by federal government Finance Minister Jim Flaherty.

The motion was defeated, overturning an earlier chamber resolution that had received support only a few years before.

The resolution's defeat is good news for New Brunswick. ... The **New Brunswick Securities Commission (NBSC)** plays a critical function to support the interests of local investors and fostering the development of capital markets, in addition to maintaining an enforcement role. Its purview is enhanced by its partnership with the Canadian Securities Administration, an organization comprised of Canada's provincial and territorial securities regulators with a stated mandate to "improve, co-ordinate and harmonize regulation of the Canadian capital markets".

Rather than operating in isolation, the NBSC is integrated in the global regulatory system through its memberships with national and international regulatory agencies, including such organizations as the Council of Securities Regulators of the Americas, the **North American Securities Administrators Association** and the International Organization of Securities Commissions.

But the function of geographic proximity matters in financial regulation. In Canada, securities markets increasingly may be global but securities are still sold locally by professionals who are licensed in each province where they conduct business.

Fraudulent practices also tend to occur locally. Ponzi schemes that target the elderly are a case in point. We should be less than sanguine about the prospect that a national regulator with little or no physical presence in New Brunswick can best serve our interests. And the federal government has given no assurance that it will support provincial offices under the new national model.

Currently, Canada's unique complementary system of provincial, national and industry regulation ensures fair markets for all investors. Provincial regulators serve the investing public by playing a prominent role in their protection at a local level. Until the federal government mounts a more coherent argument that point to tangible improvements over the current model, arguments that a national regulator would simply do better currently are ambitiously disingenuous at best.

The NBSC has been instrumental in maintaining the integrity of the securities industry. While regulation is a work in progress, the NBSC continues to play a key role in creating a confident and dynamic investment environment. It provides protection to investors from unfair, improper or fraudulent practices and effectively fosters fair and efficient capital markets.

(*New Brunswick Business Journal*, 6 October 2010)

<http://nbbusinessjournal.canadaeast.com/front/article/1248329>