

## **PDAC'S POSITION AND RECOMMENDATIONS FOR SECURITIES REGULATORY REFORM**

The PDAC supports:

- 1) a regulatory system administered by one regulator, applying one set of rules in a consistent manner, and
- 2) development of securities laws which
  - a) provide junior issuers with access to capital on a timely, effective and cost efficient basis;
  - b) restore and maintain public confidence in the capital markets; and
  - c) include disclosure and reporting obligations that strike a balance between protection of the investing public and ensuring that the maximum amount of a company's financial and managerial resources are available for mineral exploration and development work, i.e., as much money as possible must go into the ground.

The single regulator does not need to be an agency of the federal government, nor based in Ottawa. The single regulator could be established and administered through a pooling arrangement between the provinces and Ottawa as contemplated in 1996. The single regulator needs to be close to financial centres, removed from political influence, innovative and responsive to market needs, and cognizant of sector and regional interests.

### **RATIONALE**

Why is this issue important to the members of PDAC and others practising mineral exploration and mining in Canada?

Current situation:

- Junior mineral exploration companies account for about 25% of Canada's publicly listed companies. These companies raise small amounts of money during the course of numerous successive financings.
- Legal requirements under securities laws vary from jurisdiction to jurisdiction and ensuring compliance with each of them is a time consuming and expensive process which requires companies to retain professional advisors in each jurisdiction of filing.
- To reduce costs, most PDAC member companies raise money in only two or three provinces, which means residents of the other regions in Canada are excluded from participating in the financing.

One regulatory body with one set of rules, consistently and efficiently applied, would reduce redundancies in the current system, lower the cost of financings and ongoing compliance, and ensure all potential Canadian investors have equal opportunity to participate.

## **GOING FORWARD**

Once a single regulator has been established, attention should be directed towards developing a set of rules and laws that facilitate access to capital while ensuring investor protection. An integrated disclosure system, such as British Columbia Securities Commission's Continuous Market Access is an example of one such mechanism.

The rules must accommodate small issuers who do not have the ability to spend large amounts of money and management resources on meeting overly stringent corporate governance and disclosure obligations.

The federal government must supply appropriate police enforcement with criminal law investigative and prosecutorial powers.

Securities offences should be met with vigorous and effective enforcement by the single regulator. Continued investor confidence in the capital markets demands no less.

A national regulator could be headquartered anywhere in Canada with strong regional offices chosen for their sector expertise.

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