

Cooperative Capital Markets Regulatory System

Changes to the Memorandum of Agreement - Territories

The Council of Ministers has approved amendments to the *Memorandum of Agreement Regarding the Cooperative Capital Markets Regulatory System* to meet the needs of Yukon and other territorial jurisdictions that may choose to join the Cooperative System. As amended, the Memorandum of Agreement now provides for the maintenance of an office of the Capital Markets Regulatory Authority in each participating territory to address capital markets activity and regulatory and enforcement demands in their respective jurisdictions. These offices can only be relocated with the approval of the Minister responsible for capital markets regulation for that territory.

This is an important development that highlights the collaborative nature of the governments involved in developing the Cooperative System. It illustrates how provinces and territories can come together, with a complementary role for the federal government, to modernize Canada's capital markets, make them more competitive and better protect investors.

Appointment of the Initial Board of Directors

Under the Memorandum of Agreement, the board of directors of the Capital Markets Regulatory Authority will be composed of at least nine and no more than 12 directors, all of whom must be independent.

As a group, the board of directors will possess the requisite capital markets expertise, including international capital and venture market expertise, and will be broadly representative of the regions of Canada.

Each director will be appointed by the Council of Ministers, on the recommendation of the nominating committee. Directors will initially be appointed to the board of an interim organization that will focus on operational matters relating to the launch of the Capital Markets Regulatory Authority.

Consultation on Legislation

The September 2014 release of consultation drafts of uniform provincial and territorial capital markets legislation and complementary federal legislation marked another important milestone in the implementation of the Cooperative System.

The uniform provincial and territorial legislation seeks to modernize and harmonize existing provincial and territorial securities legislation, while the complementary federal legislation empowers the Authority to collect data and address capital markets-related systemic risk on a national basis.

The public consultation process attracted more than 60 submissions from a wide range of stakeholders in Canada's capital markets. The majority of submissions supported the underlying objectives of the Cooperative System, while containing proposals for improving the consultation

drafts of the provincial and territorial and federal capital markets legislation. The submissions are available on the Cooperative System website (www.ccmr-ocrmc.ca). Participating jurisdictions are reviewing this input carefully.

Many stakeholders proposed that provincial and territorial and federal capital markets legislation and the draft initial regulations be released for public comment as a package. Accordingly, participating jurisdictions will release this summer updated consultation draft provincial and territorial and federal capital markets legislation, together with the draft initial regulations, for public comment for a period of 120 days.

The Ministers are committed to taking the time necessary to develop an appropriate legislative and regulatory foundation for the Cooperative System.