

**New Securities Regulator Vital for Canada's National
Interest, Efficient Markets, and Investor Confidence**

**Regulator Will Have Head Office Despite Claims to the Contrary
Business Leaders Divided about Toronto for Head Office
Harper/Flaherty Earn Good Scores for Their Performance**



**COMPAS Inc.
Public Opinion and Customer Research
July 19, 2010**

1.0 Overview

The new securities regulator is vital for Canada's national interest in an era of increasing global regulation of securities. The new regulator is essential for honest and efficient markets as well as for investor confidence. These are the views of the CEOs and business leaders on COMPAS' business panel.

Critics have chastised the federal government for not announcing the creation of a head office. Panelists are unconcerned, believing that the regulator will end up having a head office despite claims to the contrary. They are nonetheless divided about whether Toronto would be the best place for it.

Finally, panelists give Prime Minister Harper and Minister Flaherty good scores for their role in the matter.

These are the key findings from this past week's Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine under sponsorship of BDO Dunwoody LLP.

2.0 Details

The regulator will almost certainly end up with a head office despite the ado about its absence from the federal proposal, according to panelists, as shown in table 2a. As shown in table 2b, the three key reasons for having the national regulator are that it

- is essential for Canada's national interest given the development of global securities regulation;
- is essential for ensuring honesty and efficiency in our markets; and
- will increase investor confidence in Canada.



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Table 2a: The federal government announced a new Canada-wide, securities regulator with no head office. Which of the following opinions is closest to your own?

	%
It will try to avoid having head office but will be forced by practicalities to end up having a head office.	39
It will end up with a head office after the Supreme Court has approved it and the final reactions of Alberta and Quebec become absolutely clear.	38
It truly won't have a head office in law or in practice within the decade.	3
Don't Know	20

Table 2b: On a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly, how much do you agree each of the following opinions. The reform...

	Mean	7	6	5	4	3	2	1	DNK
Is essential for Canada's national interest given the development of global securities regulation.	5.4	34	25	16	7	7	3	5	3
Is essential for ensuring honesty and efficiency in our markets.	5.2	33	19	16	9	11	3	7	2
Will increase investor confidence in Canada.	5.0	21	23	23	15	10	1	5	2
Should have recommended Toronto as head office since it is Canada's financial centre.	4.1	16	19	11	11	12	5	21	5
Should have recommended Ottawa as the head office just as the SEC in the U.S. is located in Washington.	3.9	11	12	15	19	11	11	16	5
Was right to avoid creating a formal head office and thus deprive Quebec and Alberta of additional reasons for opposing the reform.	3.3	7	5	15	16	11	19	21	7



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By the standards of performance scores received by politicians, Harper and Flaherty earn good scores for their performance, as shown in table 2c.

Table 2c: On a 100 point performance scale, what score do you give Harper and Flaherty for this reform?

	Mean
What score do you give Harper and Flaherty for this reform?	66

The following verbatim comments provide a nuanced sense of respondent opinion:

Time for our FEDERAL Gov. to be a FEDERAL Gov. and ignore regional differences and political fallout and do what's best for CANADA.

This reform is long overdue. Quebec will NEVER agree to any reform (no matter how sensible) that can be perceived as handing over provincial power to a national authority, so no point trying to pander to them.

The resistance to a national regulator really makes no sense to me.

The provinces are not capable of regulating securities, as they have amply demonstrated.

Stability is required in banking and high street banking should never have been permitted to combine with merchant banking. No speculation with pension funds.

It has been far too long in coming - it's time to start acting like a country with regard to investors and protecting them.

Federal government should go ahead with or without Alberta and Quebec concurrence.



3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted July 15-July 16, 2010. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=93 are deemed accurate to within approximately 10.2 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

