

March 24, 2009

Mr. Bruce Templeton, Chair
St. John's Board of Trade
P.O. Box 5127
St. John's, NL A1C 5V5

Dear Mr. Templeton:

Thank you for your letter of March 10, 2009 with respect to your meeting with Minister Kennedy to discuss budget issues. In particular, you point out that your Board sees the value in a national securities regulator and suggests that government advocate for a regional office in this province.


While government has an open mind on the issue of a national securities regulator, we are currently committed to the Passport System of securities regulation. I serve on the Council of Ministers Responsible for Security Regulation, which is guiding the implementation of the Passport System. All provinces and territories, except Ontario, are represented on the Council.

Basically, under the Passport System, all industry participants will only have to deal with their principal regulator and abide by the laws of their principal regulator. There have been extensive consultations and cooperation among Council members resulting in the implementation of highly harmonized legislation in all provinces and territories. While Ontario is not a signatory to the Passport System, its regulator has been involved in its implementation, and systems have been put in place to make the regulatory system as seamless as possible for market participants operating in Ontario, as well as the other provinces and territories. The Passport System is currently in effect for issuers of securities and is expected to be in place for registrants later this year.

I believe the Passport System streamlines the regulatory system for participants in the securities industry, while maintaining provincial/territorial jurisdiction and protecting regional interests. I note that independent international assessments have consistently rated Canada's securities regulatory system as one of the best in the world. Also, many of the recommendations in the Hockin Report to the federal government are already addressed by the Passport System.

While I believe the Passport System provides for a strong system of securities regulation, I am always open to discuss improvements to the regulatory system, including the possibility of a single regulator.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Brien". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kevin O'Brien
Minister