



July 14, 2008

The Honourable Thomas A. Hockin, P.C.  
Expert Panel on Securities Regulation  
Ottawa, Ontario K1A 0G5

Dear Mr. Hockin:

Goldman Sachs Canada Inc. is pleased to make this submission to the Expert Panel on Securities Regulation.

The Panel's overarching mandate is to provide advice on how best to create a Canadian advantage in global capital markets. We note that the Panel has requested input on a number of important questions in connection with achieving this objective. In our view, the single most important step that can be taken is reforming Canada's securities regulatory structure. Accordingly, our submission is focussed on this point.

Canada is alone among major industrialized countries in not having a national securities regulator. The limitations of the current structure of 13 provincial and territorial regulators are well known: inconsistent enforcement and investor protection, policy development that is often slow and the product of compromise, duplicative and inefficient compliance costs, the lack of accountability at a national level and the inability to speak with one voice on the world stage, all of which impedes Canada's international competitiveness.

Goldman Sachs Canada's business decisions have been influenced by Canada's securities regulatory structure. Instead of viewing Canada as a single market of 30 million people, we must view Canada as 13 separate jurisdictions. As a result, we have sometimes chosen to delay the implementation or offering of new products or services in Canada as compared to other jurisdictions that have a more streamlined regulatory structure. When we do enter the Canadian marketplace, we have limited, and may continue to limit, the number of jurisdictions in which we register or seek regulatory approval, with the result that our products and services are only available to investors in those jurisdictions. These opportunity costs are directly attributable to Canada's securities regulatory structure.

We note that progress has been made in reforming Canada's securities regulatory structure with the implementation of the second phase of the passport system, which began in March 2008. However, we believe that Canada would benefit more from a rationalization of the existing securities regulatory structure. The continued existence of 13 separate regulators under the passport system perpetuates the current challenges in policy development. If there are contentious policy issues in the future, it may be difficult for regulators to respond on a timely and harmonized basis, which in turn could interfere with the functioning of the system. In addition, the passport system does not address the existing structural limitations that hamper enforcement, national accountability and Canada's international competitiveness.

We encourage the federal and provincial governments to work together on developing a more streamlined securities regulatory structure. We are confident that with the necessary political will, Canada can create a true competitive advantage in global capital markets.

Yours truly,

A handwritten signature in black ink, appearing to read "T. Hodgson", written over a light blue horizontal line.

Timothy E. Hodgson  
Chief Executive Officer