

June 25, 2008

The Honourable Thomas A Hockin, P.C.  
Chair  
Expert Panel on Securities Regulation

Dear Mr Hockin and Panel Members,

Thank you for your invitation to make a representation to the Expert Panel on Securities Regulation in Canada.

We have reviewed the Terms of Reference for the Expert Panel and agree with your focus being investor protection, best practices, minimizing impediments to capital flow, and enhancing Canadians' financial understanding.

Sionna Investment Managers is an entrepreneurial, independent investment counselling firm managing over \$2.5 billion of endowment, pension and mutual fund client monies. We have a single office in Ontario, but have clients and potential clients located in other provinces and internationally.

Regarding the current system of thirteen regulatory bodies, our two main areas of concern are:

- 1) the administrative burden of registering and monitoring regulation in each province and territory;
- 2) potential future harm to the Canadian economy and a well functioning capital market system from the lack of effective enforcement of securities regulation.

### **Excessive and Unproductive Administrative Burden – Multiple Registrations of Investment Counselling Firms**

Sionna Investment Managers was launched over five years ago and we have registered our firm in all ten provinces. We found the process needlessly complex and costly. In addition to annually re-confirming our registrations, we must monitor each provincial regulator to ensure that we understand any new regulations from proposal through implementation and pay yearly fees to each individually.

These processes require an individual to devote one to two days a month and an extra two days at year end, for a total of twenty-six days, or more than a month of work. A single regulator should be able to reduce this burden to, we estimate, a quarter of the current time taken. That would be a very welcome development.

We believe that experience has demonstrated that Canadians cannot expect the provinces to come to a mutually acceptable agreement on securities regulation. The recent proposal for a passport system seemed, at least initially, to offer some relief from the complexity and inefficiency of working with the current patchwork of regulations; however, it is clear that a system which permits provinces to opt out or to refuse to recognize one or more of the other regulators is unworkable.

## **Potential Economic Harm - Ineffective Enforcement of Securities Regulation**

Our firm is founded on a Code of Ethics which requires that the interests of the client be protected and enhanced throughout our operation and names a single Chief Compliance Officer as having responsibility for ensuring adherence to the Code. With this in mind, we believe that Canadian investors would best be served by the creation of a single securities regulator which could ensure the development of a consistent, fair, and responsive securities regime which would inspire the confidence of Canadian and international investors alike. We also endorse the suggestion that current regulations be harmonized to provide a more principles-based regulatory framework, utilizing best practices. Such a framework would, indeed, create a Canadian advantage in global markets.

It is essential for the Federal government to take leadership and move securities regulation to fall under federal jurisdiction with the greatest possible haste. Securities violators must be seen to receive appropriate punishments related to their crimes through the actions of Canadian courts which are seen to be effective in prosecuting violators and protecting investors.

Consolidation of securities regulation in a single regime would also provide Canada with a much-needed strong voice in international efforts to protect investors worldwide and greatly enhance our credibility and competitiveness in global markets.

We sincerely hope that the dialogue is concluded with your panel and that it is able to help engender the “political will” to act and effect the movement to a single federal regulator with an appropriate ability to enforce securities regulation.

I would like to personally thank you and your very capable committee for taking a leadership role on this important initiative.

Sincerely,

A handwritten signature in blue ink, appearing to read 'KS', followed by a long horizontal line extending to the right.

Kim Shannon  
President and CIO