

Could include provisions for transatlantic securities market, says Stymiest

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Provisions for a transatlantic securities market could be included in a new trade pact being negotiated with Europe, says Barbara Stymiest, president and chief executive of TSX Group Inc.

Ms. Stymiest said efforts are underway to include mutual recognition of securities regulation in the trade and investment enhancement agreement that Canadian and European negotiators are aiming to conclude before a trade summit set for Ottawa in December.

"We'd like the eventual agreement to adopt the principle of mutual recognition as the basis for increased securities trading between Canada and Europe," she said, noting the TSX is co-hosting a round-table discussion in November where chief executives from Canada and Europe will tackle issues arising from such an arrangement.

News of the possible deal were included in prepared remarks for a speech Ms. Stymiest is delivering this morning in Toronto at an international symposium on corporate governance put on by the Canadian Foundation for Investor Education.

The TSX has been pushing a plan for a transatlantic mutual recognition to allow firms to list only in their home markets, yet still be accessible to investors in other countries whose regulatory regimes meet certain standards. In June, the idea got a boost from European exchanges and regulators when Ms. Stymiest visited Europe to present the proposal at a conference of exchange officials.

Until now, the United States has opposed the idea of mutual recognition, insisting instead that companies that want to sell securities in the country abide by its stringent Sarbanes-Oxley legislation and other rules even though some of their provisions conflict with regulations elsewhere.

"I do not think I can overstate the intensity of concern that remains in Europe at the insistence of the U.S. Securities and Exchange Commission that European professionals serving European companies must be subject to U.S. accounting rules as well as their own national requirements," said Ms. Stymiest's speech, noting any consensus on governance and accounting could be "decades" away.

"While we work over the longer term toward the establishment of global principles that can apply to everyone, we also need to find new ways to accommodate and respect the immediate differences that mark our unreconciled national approaches to governance, regulation, accounting and all the other things that define our markets."

Despite the seeming impasse, Ms. Stymiest said she sees evidence that regulators around the world are working to develop new ways of work around differences.

Even in the United States, which she called the "most inwardly focused securities culture in the world," debate has begun about its tough response to recent corporate scandals with Arthur Levitt, former SEC chairman, saying the U.S. may be moderating its position after what he called "an over-reaction."

Establishing a workable trans-Atlantic securities market between Canada and Europe could show the U.S. it is possible to have varying regulatory regimes, said Ms. Stymiest.

"I am cautiously optimistic, recognizing that U.S. regulators and government officials are trying to find new accommodations that will reverse the damage and restore a measure of momentum toward creating global standards," she said.

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**Barbara Stymiest, chief
executive of TSX Group, is
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