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Reference to the Appeal Court of Québec to Protect Québec's Jurisdiction Over Securities

Montréal, July 8, 2009 – The Minister of Finance, Raymond Bachand, the Minister of Justice and Attorney General of Québec, Kathleen Weil, and the Minister of Agriculture, Fisheries and Food and Minister responsible for Canadian Intergovernmental Affairs, Claude Béchar, have announced that the Québec government will seek a reference to the Appeal Court of Québec regarding the federal proposal to regulate trading in securities.

“Today, the Québec government is announcing that it is referring the federal government’s decision to create a pan-Canadian securities commission to the Appeal Court of Québec,” Mr. Bachand said.

On February 6, 2009, the federal government tabled Bill C-10 in the House of Commons. The bill was passed on March 12, 2009. The bill includes transition measures concerning the establishment of a Canadian securities regulation regime and the formation of a Canadian securities administrative authority. One of these measures is the creation of a transition office, as stipulated in the Canadian Securities Regulation Regime Transition Office Act.

“Faced with the steps taken by the Canadian government, we have no choice but to take legal measures and seek the opinion of the Court of Appeal on these constitutional questions,” the Minister of Justice, Ms. Weil, said. “The federal proposal threatens Québec’s legislative competence and its administrative bodies,” she added.

“Québec has always affirmed and exercised its jurisdiction over securities legislation and regulation within its territory. Québec thus views the federal government’s decision to create a Canadian securities commission as an encroachment on Québec’s jurisdiction over property and civil rights. The Québec government has, on many occasions, expressed its opposition to this project and it intends to continue to oppose it vigorously,” Minister Béchar specified.

The recent financial crisis has shown that, contrary to what the federal Minister of Finance maintains, securities regulation is more effective when carried out by organizations that are not centralized.

Consequently, Minister Bachand added “that it is important to maintain our expertise in the securities field, a sector that plays a crucial role in Québec’s economic development. The provinces and territories are doing a very good job of carrying out their responsibilities in this field.” Mr. Bachand also pointed out that “international organizations like the OECD and the World Bank have acknowledged the effectiveness of the Canadian system by ranking it among the best in the world regarding investor protection”.

“It is regrettable that we have to argue over structure while our economy faces an unprecedented financial crisis. Unfortunately, the federal government is forcing this on us when we should be focusing our energies on overseeing markets and working towards economic recovery,” the Minister of Finance concluded.

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