



BC Notice 2003/12

**The BC Model
Draft Legislation, Commentary And Guides For A New Way To Regulate**

The British Columbia Securities Commission is publishing for comment a draft Securities Act and Rules, accompanied by a Commentary and two draft Guides for market participants.

The Need for Change

Canada needs a system of securities regulation that protects investors and market integrity and supports a dynamic and competitive market.

Unfortunately, securities regulation in Canada has grown so complex and unwieldy that both these objectives are threatened.

This publication describes the BC Model – Draft Legislation and Guides that would implement a system of securities regulation that works for the 21st century. Securities regulation works when it protects investors and markets, minimizes the regulatory burden on market participants, and is understood by those it protects and regulates. This is just how the BC Model is designed. It has new requirements and powers to make regulation more effective, eliminates redundant and outmoded requirements, simplifies those that remain, and writes it all in plain language.

The BC Model is the product of 18 months of intensive work by the BCSC's deregulation project team, supported by other BCSC staff who participated in consultations and reviews. The model also reflects the input of over 1700 market participants from across Canada who attended consultation sessions and responded to our previous publications.

Our work so far has produced four publications: *New Concepts for Securities Regulation* (February 2002), *New Proposals for Securities Regulation* (June 2002), *Better Disclosure, Lower Costs – A Cost-Benefit Analysis of the Continuous Market Access System* (October 2002) and *New Proposals for Mutual Fund Regulation* (November 2002).

We are now publishing draft legislation to seek your comments before we make our final recommendations to the British Columbia government at the end of 2003.

The Opportunity for Change

Canadian securities regulation is under intense scrutiny. Governments and regulators are reviewing the structure of our decentralized regulatory system and our approach to securities regulation through several concurrent processes:

- The federal “Wise Persons Committee”
- The provincial ministers process
- The CSA uniform securities law project
- The Ontario five year review
- The BC Model

In addition to these formal processes, the national media has reported and commented on public debate among regulators and market participants about the reform process. These discussions center on two critical issues:

- Should securities regulation be based primarily on core principles or be centered around detailed rules?
- Should Canadians retain provincial regulation or move to some form of single national securities commission?

The BC Model is the BCSC’s unique contribution to that debate. Unlike the other reviews that are focused on eliminating differences among jurisdictions, ours attacks the more acute threats to effectiveness and efficiency caused by excessive regulatory volume and complexity.

If Canadians go ahead with major structural changes, either by moving to a single commission or by adopting uniform legislation, without tackling the volume and complexity of regulatory requirements, we will have missed an opportunity of a lifetime. If we make the right decisions now, however, we can give Canada the kind of regulation it needs to give investors confidence and foster dynamic and competitive markets that will contribute to our economic well-being.

Your Opinion Counts

We invite you to read the BC Model, to discuss it with your associates, advisers, and clients, and to give us your comments. Please tell us what you think of the BC Model and tell us what changes you think we should make to ensure that our system of securities regulation will work for the 21st century.

Please submit your comments in writing on or before June 30, 2003 to:

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Comment letters will be placed in a public file and form part of the public record, unless you request confidentiality. Although we will not place comment letters requesting confidentiality in the public file, freedom of information legislation may require us to make comment letters available to the press and the public.

If you have any questions, please contact:

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Brent W. Aitken
Vice Chair

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The other documents referred to in this Notice can be found at the B.C. Securities Commission public website at www.bcsc.bc.ca in the Commission Documents database.