

Task Force to Modernize Securities Legislation in Canada  
Suite 1600, 121 King Street West  
Toronto, ON  
M5H 3T9  
Attention: Thomas I.A. Allen, Chairman  
info@tfmsl.ca

Dear Mr. Allen:

The Canadian Security Traders Association, Inc. is pleased to have this opportunity to respond to the request by The Task Force to Modernize Securities Legislation in Canada established by the Investment Dealers Association of Canada.

The Canadian Security Traders Association, Inc. (CSTA), is a professional trade organization that works to improve the ethics, business standards and working environment for members who are engaged in the buying, selling and trading of securities (mainly equities). The CSTA represents over 700 equity traders nationwide in Canada, and is led by Governors from each of three distinct regions. The organization was founded in 2002 to serve as a national voice for our affiliate organizations. The CSTA is also affiliated with the Security Traders Association (U.S.A.), which has 6,000 members globally, making it the largest organization of its kind in the world.

We often comment on industry developments and form opinions on trading issues based on input from our membership.

**1. Protecting individual investors:**

c. (ii) The CSTA believes that registration for Hedge Funds would be useful especially with the growing need for governance and disclosure and the use of Direct Market Access.

**2. Balancing cost and effectiveness of modern governance:**

a. Although Canada and the US are integrated, to some extent, there are many differences between our markets. Onerous audit requirements that tax investors and investment professionals with expensive automated audit processes may have the effect of driving investors to other markets in countries that are more friendly and open. It may be necessary to have governance showing the international community that Canada has a strong independent capital market that is visible, fair and accessible, not onerous and myopic.

**3. Access to Capital – prospectus filing requirements, including exemption from those requirements:**

- a. There is no market where liquidity is assured. Traders choose the best market based on their judgment.
- b. Transparency,

**4. Regulatory Burden:**

- a. Greater education will encourage principle-based behaviour. More rules inhibit decisions that may provide more active participation in Canadian Capital markets . Grey areas should be removed to prevent errors and exposure to liability for market practitioners. The need for open and frequent dialogue between the registrants and regulators.

The CSTA encourages the consolidation of regulation of Canadian Capital Markets with one regulator for investors both domestic and international.

In conclusion, the Canadian Security Traders Association is grateful for the opportunity to present our members views and thankful for the democratic process that allows input on matters pivotal to our growth and expansion within the realm of the global investment community.

Yours truly;



James R. Beattie  
Chairman,  
Canadian Security Traders Association

Nick Savona  
Vice Chairman  
Canadian Security Traders Association