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Québec Will Continue to Oppose Any Federal Interference in Securities Regulation

Québec, January 13, 2009 – The Minister of Finance and Minister responsible for Infrastructure, Monique Jérôme-Forget, reacted today to the report of the task force charged with providing advice and recommendations on securities regulation in Canada. The panel, formed by the Minister of Finance of Canada, Jim Flaherty, is recommending that the federal government set up a single securities regulator with a mandate to enforce a single Canadian securities act.

“We will examine the report and identify the measures that could improve the existing system. However, I hope Minister Flaherty will have the good sense to reject the idea of federal legislation. The existing regulatory system, administered by the provinces and territories, works well and satisfies both the needs of pan-Canadian participants and the interests of the regions. In fact, international organizations have ranked it among the best in the world. Just recently, a report by the World Economic Forum, published in October 2008, ranked Canada 5th out of 134 countries in terms of investor protection. After the Madoff affair in the United States, it is even more obvious that provincial oversight organizations are needed when we see how a centralized organization was kept in the dark for so long,” Minister Jérôme-Forget said.

“Securities regulation is a matter of provincial jurisdiction and Québec will go to court to oppose any federal bill seeking to govern securities. Like Manitoba and Alberta, we believe that the federal government must not change the division of constitutional jurisdictions and usurp the powers of the provinces. That is not our vision of federalism,” she added.

“Should it go ahead and pass securities legislation, as recommended in this report, the federal government could needlessly cause uncertainty on financial markets. The price to be paid by the Canadian economy to settle imaginary problems seems too high,” the Minister pointed out.

“A period of economic crisis is not the right time to undertake major structural reforms, and especially not reforms on which there is no consensus and whose legal grounds are doubtful to say the least. Federal intrusion in securities regulation is a bad idea when times are normal. In times of crisis, the economic consequences would be disastrous,” the Minister concluded.

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