

**CANADIAN SECURITIES ADMINISTRATORS
REQUEST FOR COMMENT NOTICE 51-402*****Illegal Insider Trading in Canada:
Recommendations on Prevention, Detection and Deterrence Report***

The Canadian Securities Administrators (the “CSA”) are requesting comment on the *Illegal Insider Trading in Canada: Recommendations on Prevention, Detection and Deterrence* report received from an independent task force which recommends practices to address illegal insider trading in Canadian capital markets. The recommendations in the report focus on addressing illegal insider trading from three directions: prevention, detection and deterrence.

Key recommendations in the report include:

- Through information and best practice recommendations, encourage strict adherence to information containment practices by senior management, corporate directors, lawyers and accountants;
- Give investors real-time access to trading data with markers used to identify trades by insiders;
- Improve surveillance capabilities through a shared database among regulators to integrate client data with data from trading on Canadian equities and derivatives markets;
- Reduce the use of offshore accounts in illegal insider trades by identifying jurisdictions that have unsatisfactory regulatory regimes and by evaluating the costs and benefits of requiring offshore financial institutions that open accounts for Canadian investors to consent to identify individuals responsible for specific trades;
- Support the approval of proposed criminal sanctions under the Federal Bill C-46; and
- Recommend the formation of a national subgroup of the Royal Canadian Mounted Police Integrated Market Enforcement Teams to focus solely on illegal insider trading.

The report was developed by the Illegal Insider Trading Task Force, which was established in September 2002, and included representatives from the Ontario, Quebec, British Columbia and Alberta securities commissions, the Investment Dealers Association of Canada (IDA), the Bourse de Montréal (Mx) and Market Regulation Services Inc. (RS). A copy of the report is available on the websites of various CSA members, including the jurisdictions represented on the task force.

Request for Comment

We welcome your comments on the *Illegal Insider Trading in Canada: Recommendations on Prevention, Detection and Deterrence* report. Please submit your comments in writing on or before Monday, February 2, 2004. If you are not sending your comments by email, please forward a diskette containing the submissions (in Windows format, preferably Word).

Please address your submission to all of the CSA member commissions, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Newfoundland and Labrador Securities Commission
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

You do not need to deliver your comments to all of the CSA member commissions. Instead, please deliver your comments to the address noted below. Your comments will be forwarded to the remaining CSA member jurisdictions.

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
jstevenson@osc.gov.on.ca

Submissions should also be addressed to the Commission des valeurs mobilières du Québec as follows:

Denise Brosseau, Secrétaire
Commission des valeurs mobilières du Québec
800 Victoria Square
Stock Exchange Tower
P.O. Box 246, 22nd Floor
Montréal, Québec H4Z 1G3
denise.brosseau@cvmq.com

We cannot keep submissions confidential because securities legislation in certain provinces requires us to publish a summary of written comments received during the comment period.

November 28, 2003