

**For Immediate Release
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**Canadian Securities Administrators Issue Update
on Actions Related to Global Credit and Liquidity Issues**

Montreal – The Canadian Securities Administrators (CSA) today provided an update on its activities related to global credit and liquidity issues, including its review of Canadian reporting issuer disclosure, the potential impact on investment funds and its involvement in international action plans.

“This issue has affected financial markets around the globe simultaneously,” said Jean St-Gelais, Chair of the CSA and President and Chief Executive Officer of the Autorité des marchés financiers (Québec). “None of us is immune to its impact. That is why it is crucial that there be a co-ordinated effort both internationally and here at home to review the issues and evaluate the policy implications.”

The CSA has established a committee that will focus actions by Canadian securities regulators in respect of global credit and liquidity issues. As part of its activities, the CSA has initiated targeted reviews of continuous disclosure by reporting issuers identified as holders of non-bank sponsored asset-backed commercial paper (ABCP).

Current information is that fewer than 100 public companies in Canadian markets hold significant amounts of non-bank sponsored ABCP. The reviews are focussing on the reasonableness of assessments of the fair value of ABCP holdings as well as disclosure and presentation in financial statements and management’s discussion and analysis (MD&A). Areas of importance include:

- how issuers are accounting for these investments;
- whether or not issuers have taken valuation write-downs when required;
- appropriate classification of these assets on balance sheets; and
- adequacy of MD&A disclosure about both the impact of ABCP holdings on an issuer’s ability to meet short-term cash needs and any broader business impact of current credit market conditions.

If continuous disclosure filings are materially deficient or fail to meet relevant accounting and disclosure requirements, reporting issuers will be expected to restate and re-file their disclosure documents.

“Compliance with accounting and disclosure requirements is critical in a situation such as this and we, as regulators, are carefully reviewing issuers’ disclosures,” said Jean St-Gelais.

Staff of the Canadian Accounting Standards Board issued a Financial Reporting Commentary on October 29, 2007 on how certain aspects of generally accepted accounting principles (GAAP) apply to non-bank sponsored ABCP held by investors. “Our rules require compliance with GAAP,” added Jean St-Gelais.

Members of the CSA sent questionnaires to managers of public mutual funds, exchange traded funds, labour sponsored investment funds, scholarship plans and closed-end funds requesting data regarding investments in ABCP. Our review of the findings focussed on valuation and disclosure of those investments. The CSA is conducting targeted reviews of investment funds’ ABCP disclosure in their financial statements and Management Reports of Fund Performance.

The CSA’s activities described above are complemented by the efforts of the Investment Dealers Association of Canada, which is investigating whether proper standards of registrant behaviour were followed in the distribution of ABCP to retail clients.

As credit and liquidity issues are a global phenomenon, the CSA continues to work closely with the international community, including participating in the task forces established by the International Organization of Securities Commissions. These task forces are examining the role of credit rating agencies, as well as broader issues such as transparency of underlying assets. Both task forces are expected to have developed proposals and action plans early in the new year. Working meetings of the Task Forces are taking place in January and February 2008.

The CSA, the council of the securities regulators of Canada’s provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

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