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### **Regulators Release Illegal Insider Trading Report**

**Calgary** – The Canadian Securities Administrators (CSA) have received a report 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.

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).

“We are pleased to receive these recommendations, which have been tabled with all securities regulators in Canada,” said Stephen Sibold, Chair of the Canadian Securities Administrators and of the Alberta Securities Commission. “We will be thoughtfully considering these recommendations as we devise an action plan to address the problem of illegal insider trading.”

“Illegal insider trading is not a victimless crime,” added Sibold. “Investors who unknowingly trade with people who have inside information lose because they are in an unequal and unfair relationship. Markets where illegal insider trading occurs can suffer a loss of liquidity if international capital flows avoid them. By coordinating our efforts, we can bolster the reputation of the Canadian capital market and assure our investors that they are dealing in a fair, level market.”

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 recommendations are available on the CSA website at [www.csa-acvm.ca](http://www.csa-acvm.ca).

The CSA, a council of the 13 securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

**For more information:**

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