



**November 4, 1998**

To all Securities Commission Chairs

Dear :

re: Proposal for a Statutory Civil Remedy for investors in the Secondary Market

The Pension Investment Association of Canada (PIAC) is the representative organization for pension funds in Canada in matters relating to investment. At December 31, 1997, Member pension funds collectively managed over \$425 billion of assets on behalf of more than 8 million beneficiaries. PIAC's mission is "to promote the financial security of pension fund beneficiaries through sound investment policy and practices".

PIAC has been interested in the standards of continuous corporate disclosure in Canada for some time. There have been several specific situations, within only the last two years, where shareholders and prospective investors were misled by public statements and press releases. While it has been a long tradition in Canadian securities regulation for full true and plain disclosure in prospectus statements accompanied by a civil remedy for investors harmed by misleading statements, continuous disclosure by corporations is frequently not in compliance with the same standards. And investors do not have the same civil remedy for misleading continuous disclosure.

PIAC is very concerned that, despite the support for the CSA's proposals provided by some of its Members, other commentators have questioned the value of introducing such a regime in Canada. PIAC is extremely concerned that the credibility of Canada's equity markets will be harmed by a failure to adopt the proposals in legislation.

Simply put, U.S. standards include a remedy for investors harmed by misleading statements in continuous disclosure and Canada's companies which are inter-listed are subject to those rules. PIAC's Board of Directors believes that Canada should offer a similar standard of protection. Clearly, given the choice of different standards of investor protection, Canadian institutional investors will opt to acquire shares of inter-listed companies in the U.S. where reliance on continuous disclosure is more certain.

We are generally pleased with the form and substance of the proposals but expect that some commentators have made suggestions for improvement with which staff of the commissions might agree. PIAC strongly encourages the Canadian Securities Administrators to take the necessary steps to adopt the proposals, amended to incorporate improvements, at the earliest possible date.

This submission is made by the Pension Investment Association of Canada and while the representations made are approved by the Board of Directors, every Member may not share the same view.

Respectfully submitted,

Neil A. Jacoby, Chairman

