



Canadian Securities
Administrators

Autorités canadiennes
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CSA Staff Notice 45-307 Regulatory Developments Regarding Securitization

June 18, 2010

This Notice provides an update from Canadian Securities Administrators' (CSA) staff on the development of regulatory proposals relating to securitized products, including asset-backed commercial paper (ABCP) and asset-backed securities.

In the October 2008 CSA Consultation Paper 11-405 *Securities Regulatory Proposals Stemming from the 2007-08 Credit Market Turmoil and its Effect on the ABCP Market in Canada* (Consultation Paper), the CSA explored, among other things, securities regulatory proposals in connection with the sale of ABCP. Since that time, the CSA's focus has broadened to encompass all securitized products and to consider their distribution both publicly under a prospectus and in the exempt market under exemptions from the prospectus and registration requirements.

In developing our proposals, we are considering international regulatory and industry developments. These include

- the recommendations of the International Organization of Securities Commissions (IOSCO) entitled "Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities",
- IOSCO's Technical Committee's Task Force report entitled "Unregulated Financial Markets and Products – Final Report", and
- the United States Securities and Exchange Commission's (SEC) notice of proposed rule-making relating to asset-backed securities and other structured finance products.

Exempt market

CSA staff have been considering changes to the current approach to the issuance of securitized products in the exempt market. In addition to reconsidering the use of the short-term debt exemption for the distribution of ABCP, we have been considering whether to impose other conditions in connection with the exempt distribution of securitized products, including requiring disclosure.

Prospectus distributions and continuous disclosure for reporting issuers

Disclosure requirements under Canadian securities legislation for securitized products distributed by prospectus are comprehensive. In light of the IOSCO and SEC proposals, CSA staff are considering enhancements to these requirements. We are also considering proposals for more tailored continuous disclosure for reporting issuers that have distributed securitized products.

Proposed consultations

Our proposals will be designed to address investor protection and market stability concerns, taking into consideration international developments, while recognizing the importance of the securitization markets. We appreciate that some of these proposals could be significant policy changes.

To obtain market input on these issues, we plan to publish materials for comment in fall 2010. We also anticipate additional consultations with interested stakeholders on the scope of the proposals, their impact on investor protection and the implications for the securitization market.

In addition to our securitization proposals, the CSA expects to publish proposals relating to regulation of credit rating organizations in summer 2010.

Questions:

In the interim, please refer your questions to any of:

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