



Notes for an Address

by

Jean St-Gelais
President and CEO
of the *Autorité des marchés financiers* (“AMF”)

Tremblant Forum
September 16, 2004

Check against delivery.

Ladies and gentlemen, good afternoon, and thank you for giving me the opportunity to contribute to your exchanges and discussions at the Tremblant Forum.

I would first like to say a few words about the AMF. The agency was created with the passing of Bill 107 in December 2002. Its mission is to improve the integration of the supervisory process for all financial sector participants under Québec's jurisdiction.

The AMF brings together under one roof:

- the Financial Services Bureau;
- the Securities Commission;
- the Financial Services Compensation Fund;
- the Inspector General of Financial Institutions; and
- the Québec Deposit Insurance Board.

The main goal of the AMF is to better protect consumers. To fulfill that goal, we must ensure that the environment is conducive to good governance, and do so by taking into account both the context and the individual characteristics of our partners.

We are all aware that opinions on governance have significantly changed over the past ten years. They will likely continue to evolve as the industry implements the current ideological trends.

The actual governance practices of public companies have also evolved in response to the demands of investors, the push toward uniformity and the dissemination of information on the pitfalls of poor governance.

In Canada, different schools of thought on corporate governance have developed. In this regard, it is advisable not to take overly restrictive regulatory steps today that could undermine improvements that we are currently unable to anticipate.

Various institutional investors, professional associations and groups, management consultants, securities exchanges and regulatory bodies from North America and around the world have published or adopted governance guidelines and standards.

Early in the year, securities regulators released two separate proposals.

A proposal issued in January, in which all provinces except Québec and British Columbia participated, set out an approach similar to that implemented in the United States, namely, a requirement to disclose governance practices, with specific reference to a set of best practices, including reasons and justifications for any deviance or non-compliance. Therefore, a more stringent regulation than what we currently have.

Furthermore, a second proposal, which was issued in April and in which Québec, Alberta and British Columbia participated, presented a more flexible approach, based on the disclosure of explicit information on actual corporate governance practices and policies, without reference to a set of so-called best practices.

Between the two approaches, we need to find a fair balance and proper mix, namely, improved regulations and greater disclosure without hindering corporate development through measures whose costs would outweigh the benefits.

Securities regulators received a number of comments during the consultations. The majority of participants wanted a uniform approach in Canada. Several expressed concerns about whether small companies would be able to comply with the more stringent proposal.

The AMF favours a uniform solution in Canada. It has reached an agreement with its counterparts from the other provinces and will soon issue, for analysis and commentary, a proposal that draws on elements from both the January and April proposals and respects the structures that are distinct to the smallest of companies.

This proposal will require that companies based in Québec and elsewhere in Canada present detailed information about their corporate governance practices. Moreover, a set of governance guidelines will be recommended without being formally prescribed. They will serve as a backdrop for the development and maintenance of good governance practices.

In closing, I simply wish to stress that honesty, ethics and good judgment cannot be regulated. On the other hand, boards of directors can and must set up guidelines to prevent dishonest or fraudulent acts from taking place.

On this basis and without losing sight of our main goal, namely, to better protect consumers, the AMF intends to actively take part in a debate that is so fundamental to the future of the financial sector.