

**For Immediate Release
September 26, 2008**

Canadian Securities Regulators Respond to Current Capital Market Events

Toronto – In light of recent developments in the financial markets, the Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC) continue to closely monitor events both here at home and internationally to determine whether additional regulatory responses are necessary.

Members of the CSA have taken, or are taking, the following actions:

- Temporarily prohibited short selling of the common shares of certain financial sector issuers that are listed on the Toronto Stock Exchange and are also interlisted in the United States, where the U.S. Securities and Exchange Commission has issued a broad ban on short selling of financial issuers;
- Initiated a fact-finding review of money market funds and other market participants by way of a combination of questionnaires and selected on-site reviews to assess potential exposure to assets that are impaired or made illiquid. In light of current market conditions, continuous disclosure reviews of investment funds are also ongoing;
- Created a special committee in late 2007 that has considered and will be recommending regulatory responses to aspects of the seizure of the non-bank sponsored asset-backed commercial paper (ABCP) market in Canada;
- Monitoring continuous disclosure by reporting issuers with a particular emphasis on the banking and financial services sector and highly leveraged reporting issuers;
- Monitoring, through IIROC, trading on the markets to assess if they continue to be fair and orderly and determine whether further steps should be taken;
- Collaborating with other Canadian regulatory authorities that oversee the Canadian financial industry to share information and coordinate actions;
- Working closely with regulators around the world and actively monitoring international developments.

“The CSA is actively engaged in an examination of the issues related to the current market events and will continue to take regulatory action, where appropriate, to protect investors and market integrity in these extraordinary times,” said Jean St-Gelais, CSA Chair and President and Chief Executive Officer of the Autorité des marchés financiers (Québec).

IIROC has taken, or is taking, the following actions:

- Issued two Notices providing a reminder to Participants and Access Persons respecting their obligations generally in the handling of a short sale and specific guidance on the obligations of Participants and Access Persons in complying with the Temporary Order issued by the CSA;
- Increasing its surveillance of short selling activity on Canadian marketplaces and, in particular, short selling activity in securities of issuers in the financial sector that are not covered by the Temporary Order;
- Closely monitoring regulatory capital position of all dealer member firms to assess impact of current market conditions and in particular market volatility;
- Conducted regulatory study and will be making recommendations concerning the manufacture and distribution by IIROC member firms of third party ABCP in Canada.

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

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada.

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