

Kwinter describes 're-regulation' of securities market in Ontario

By JAMES FLAGAL

Monte Kwinter, the provincial minister for Consumer Relations and financial institutions, told a half-filled Moot Court audience Monday that Ontario is ready to open up its security markets to banks and foreign financial firms.

The government's newly proposed legislation will allow these companies a chance to set up fully owned subsidiaries and to take part in the Ontario securities market.

Kwinter's address entitled "Securities in Transition" was co-sponsored by the Atkinson College Master's Office, its Economics Department and the Economics Club.

According to Kwinter, "by eliminating time zones and geographic distances as obstacles to trading, technology is wiring markets together and opening up the prospect of 24-hour seven-day-a-week trading."

As a result of this "big bang," which is sweeping across the securities industry, Kwinter explained, governments around the world have been forced "to rewrite the rules which govern financial institutions."

Kwinter pointed out that the "big bang" was really sparked off more than 10 years ago when Wall Street did away with fixed commissions. According to Kwinter, the stock brokerage houses' latest practice of buying all the shares of the company and then reselling them to the public has forced the emergence of an industry which requires more capital and involves higher risk.

Kwinter described past Canadian security policies as "among the most restrictive and discriminatory practices of any country in the world." Canadian provincial governments have now taken the initiative to dismantle these barriers which are intended to protect the domestic securities industry, Kwinter said. British Columbia and Nova Scotia

are two examples Kwinter used to show how many provinces are adopting an open policy in the securities market.

In the past governments have kept banks, trust, insurance and security companies (known as the four pillars) separated in autonomous legislative service areas. Now banks, for instance, will be able to begin getting involved in the securities industry by setting up a subsidiary company in Ontario.

Canadian banks will play a crucial role in the securities industry, says Richard Sanders, a Chartered Accountant with Richter Usher and Vineberg, because they have by far the greatest capital base in the Canadian financial establishment.

Sanders explained that the American securities firm of Salomon Bros. has a greater pool of funds than all the investment houses in Canada put together. Sanders said domestic security firms do not possess enough capital to buy out the shares in a large Canadian company, forcing some firms to go down to the United States where brokerage houses are financially able to purchase this volume of shares. "Our banks are our greatest source of capital," Sanders said, "and we have to become part of the developing 24-hour trading network by getting more financial muscle into our securities industry."

Sanders did express some concern over potential conflict of interests occurring when the banks get involved in the securities industry and would like to see explicit legislation to prevent these situations and protect the consumer.

According to Kwinter, "the diversification of financial services through cross ownership (where banks will own subsidiary security companies) will mean that companies will be engaging in various activities that come under provincial and federal jurisdiction." Presently, the three pillars of Loans and Trust,

Insurance, and Securities fall under provincial jurisdiction while the federal government continues to regulate the fourth pillar (or the banks).

Kwinter explained that in order to prevent conflict of interest and protect the consumer, the federal and provincial approaches to the securities industry and other financial institutions must be in sync. Kwinter said that he is still awaiting the fed-

eral government's proposal explaining how they plan to regulate such issues as bank entry into the securities business.

The subsidiary approach, Kwinter explained, will be the best way to keep securities in a provincial portfolio with the introduction of banks into the business. Moreover, Kwinter noted that through subsidiaries, small investors, policy holders and

depositors will be protected.

Kwinter emphasized that the new government approach is "re-regulation" not "de-regulation" of the industry. "We are not simply throwing out the old rules," he said. "we are re-writing them so that all players can have a fair and equitable opportunity to compete in both the domestic and international areas of finance."

CYSF NEWSBEAT

David Dollard, better read than dead, on the Council Newsbeat for February 24, 1987.

In an incredibly provocative session of the CYSF, Council issues and tempers were raised for the first time this year. The major cause of this discord were comments in my article, "The executive viewpoint of problems in CYSF," in *Excalibur* on February 12, 1987. Jill Shibou, Stong college representative, asked if the Student Executive would retract the comments concerning the headline on page 23, "Executives bemoan ignorance on issues of CYSF's College Representatives."

The newly spectacled CYSF President Gerard Blink stated that no member made that statement (this explains why it was not in quotes). However Adam French, Internal Affairs Director, was quoted as saying, "Most student representatives don't appear to realize their duties. When issues are presented most representatives are ignorant." Shibou raised these comments to French who dismissed them as a misquote.

Glen Wells, another Stong representative, stated that despite Finance Director Nadine Changfoot's comments in the above mentioned article that the budget was available on the Friday before the general meeting to discuss it, he knew nothing of its availability.

□ The highlights of the individual directors' reports are as follows:

President's Report—As part of his report Blink and his new glasses asked for received \$5,600 for the honoraria for the seven directorships of CYSF. \$800 will be given to each director on the basis of a \$200 per month per director from September to December 1986.

Blink also indicated the presentation of a new smoking policy for York University to be issued at the next CYSF General Meeting. The prime features of this legislation, to be implemented in September 1987, include the barring of smoking in areas where workers are sharing common workspace and ventilation. As well the proposed smoking policy will provide areas for people to smoke as long as the smoke is not transferred into non-smoking areas.

Blink also detailed the break-in of the CYSF Executive offices on Wednesday, February 18. At some point between 11:30 p.m. and 12:30 a.m. access was gained through the rear door of 105 Central Square. Upon entering the office the perpetrator(s) broke the locks on the photocopy room, the Business Manager's office, and Blink's office. The damage to the doors and repair of the locks will cost roughly \$400 according to Blink.

He added that they probably broke in expecting to find cash, but

as CYSF petty cash rarely exceeds \$25 the perpetrators were sadly disappointed. Blink added that the Executive was lucky as nothing was stolen and no vandalism took place. However finding the culprit(s) may be an impossibility as the police discovered that gloves had been used to prevent such detection.

Finance Director's report—The highlight of this report was that for the year to date as of January 31, 1987 the CYSF was running at a deficit of over \$9600. However Director Changfoot and President Blink assured Council that a further \$60,000 in Administrative operating grants will help to alleviate this problem.

Academic Affairs report—Allan Armstrong indicated that this year's course evaluation looks to be a great success. Last year's evaluation surveyed 229 courses; this year will see an increase of nearly 50 percent to 403 courses. The completion date is no later than March 6, and results will be available March 27-April 3.

My apologies to those directors and representatives not mentioned who contributed positively this week in Council, but the availability of space, so great a problem at York, has determined this abbreviation. Another apology to Annita (with two "N"s) Antoniani whose name has been misspelled in the two most recent *Excaliburs*.

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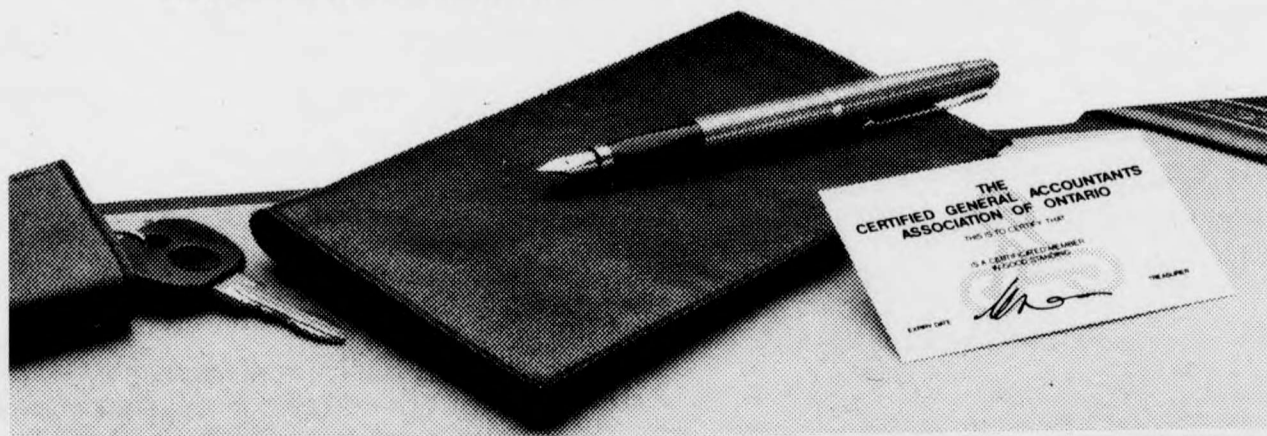
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HISTORY MAJORS

History Department will hold group advising sessions in the Vanier Senior Common Room, next door to the Open End, on

Tuesday, March 3rd
2 p.m.

Friday, March 6th
10 a.m.

Monday, March 9th
10 a.m.

736-5123